

# FINANCIAL CONDITION TEST

2022 GENERAL RATE APPLICATION  
October 14, 2021

---



MANITOBA  
PUBLIC INSURANCE

## Table of Contents

<b>Table of Figures</b> .....	<b>4</b>
<b>Financial Condition Test</b> .....	<b>7</b>
<b>FCT.1 Summary Of Findings</b> .....	<b>8</b>
FCT.1.1 Satisfactory Financial Condition .....	9
FCT.1.2 Base Scenario .....	9
FCT.1.3 Adverse Scenarios .....	10
FCT.1.3.1 Solvency Scenarios.....	10
FCT.1.3.2 Going Concern Scenarios.....	11
FCT.1.4 Rationale for Actuarial Opinion .....	12
FCT.1.5 Review of Events Since the Previous FCT Report.....	13
FCT.1.5.1 COVID-19 Pandemic Impact .....	13
FCT.1.6 Recommendations .....	14
<b>FCT.2 Introduction</b> .....	<b>15</b>
FCT.2.1 Role of the Appointed Actuary .....	15
FCT.2.2 Purpose.....	15
FCT.2.3 Scope.....	15
FCT.2.4 Use and Distribution.....	16
FCT.2.5 Process .....	16
FCT.2.6 Method.....	17
FCT.2.7 Data Sources .....	18
<b>FCT.3 Capital Adequacy Management</b> .....	<b>19</b>
FCT.3.1 Regulatory Capital Requirements and the Capital Management Plan.....	19
FCT.3.2 Materiality .....	20
<b>FCT.4 Background Discussions</b> .....	<b>21</b>
FCT.4.1 Description of Basic .....	21
FCT.4.2 Recent and Current Financial Position.....	21
FCT.4.3 Base Scenario .....	22
FCT.4.4 Description of Economic Assumptions in the Base Scenario .....	23
FCT.4.5 Discussion of Prior Year’s DCAT Results, Recommendations, and Management Actions.....	27
<b>FCT.5 Adverse Scenarios</b> .....	<b>28</b>
FCT.5.1 Solvency Scenarios .....	28
FCT.5.2 Going Concern Scenarios .....	29
FCT.5.3 Management and Regulatory Action .....	31
FCT.5.4 Decline in Equity Markets.....	32
FCT.5.5 High Loss Ratio .....	43
FCT.5.6 Policy Liabilities Scenario .....	50
FCT.5.7 Interest Rate Decrease Scenario.....	57
FCT.5.8 Combined Scenario: Equity Returns, High Loss Ratio, Policy Liabilities, and Interest Rates .....	68
FCT.5.9 Sensitivity of Removing Assumed Capital Transfers from Extension.....	77
FCT.5.10 Analysis of All Property and Casualty Insurer Risk Categories .....	80

**revised October 14, 2021  
June 28, 2021**

**2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test**

---

- Appendix 1: Base Scenario with -2.82% Rate Change
- Appendix 2: Combined Solvency Scenario
- Appendix 3: High Loss Ratio Solvency Scenario
- Appendix 4: Policy Liabilities Solvency Scenario
- Appendix 5: Equity Decline Solvency Scenario
- Appendix 6: Interest Rate Decrease Solvency Scenario

## Table of Figures

Figure FCT- 1	Base Scenario – Includes 2.82 Rate Decrease and no Capital Release in 2022/23 and No Rate Changes or Capital Build Provisions thereafter .....	10
Figure FCT- 2	Solvency Scenarios with Management Action: Total Equity .....	11
Figure FCT- 3	Solvency Scenarios with Management Action: Minimum Capital Test Ratio ...	11
Figure FCT- 4	Going Concern Scenarios without Management Action: Total Equity .....	12
Figure FCT- 5	Going Concern Scenarios without Management Action: Minimum Capital Test Ratio .....	12
Figure FCT- 6	Base Forecast, Minimum Capital Test Ratio .....	20
Figure FCT- 7	Historical Results .....	22
Figure FCT- 8	Assumed Interest Rates and Yields.....	24
Figure FCT- 9	Assumed Claims Liability Discount Rate .....	24
Figure FCT- 10	Assumed Rate Changes and Capital Build Provisions.....	24
Figure FCT- 11	Change in the Premium Deficiency or DPAC Write Down .....	26
Figure FCT- 12	Base Scenario – Includes 2.82 Rate Decrease and no Capital Release in 2022/23 and No Rate Changes or Capital Build Provisions thereafter .....	26
Figure FCT- 13	Total Equity – 1-in-100 Year Solvency Scenarios including Management Action.....	28
Figure FCT- 14	Minimum Capital Test Ratios – 1-in-100 Year Solvency Scenarios including Management Action .....	28
Figure FCT- 15	Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios.....	29
Figure FCT- 16	Total Equity – 1-in-10 Year Going Concern Scenarios without Management Action.....	30
Figure FCT- 17	Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios including Management Action .....	30
Figure FCT- 18	Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios.....	30
Figure FCT- 19	Historical Total Returns on Canadian Equities by Percentile and Return Period (Cumulative) .....	32
Figure FCT- 20	Historical Total Returns on Global Equities by Percentile and Return Period (Cumulative) .....	33
Figure FCT- 21	Historical Total Returns on Global Low Volatility Equities by Percentile and Return Period (Cumulative).....	33
Figure FCT- 22	Fitted Distributions for Canadian Equities Total Return by Percentile and Return Period (Cumulative).....	33
Figure FCT- 23	Fitted Distributions for Global Equities Total Return by Percentile and Return Period (Cumulative).....	33
Figure FCT- 24	Fitted Distributions for Global Low Volatility Equities Total Return by Percentile and Return Period (Cumulative) .....	34
Figure FCT- 25	Correlation between Equity Returns .....	34
Figure FCT- 26	Dividend Yield .....	34
Figure FCT- 27	Asset Allocation Tolerance Ranges (Basic Claims) .....	35
Figure FCT- 28	Asset Allocation Tolerance Ranges (RSR) .....	36
Figure FCT- 29	Total Equity - Decline in Equity Markets Scenario without Management Action.....	37

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

Figure FCT- 30	Minimum Capital Test Ratio - Decline in Equity Markets Scenario without Management Action .....	38
Figure FCT- 31	Decline in Equity Markets Solvency Scenario without Management Action ....	39
Figure FCT- 32	Decline in Equity Markets Solvency Scenario without Management Action - Difference from Base Forecast .....	39
Figure FCT- 33	Decline in Equity Markets Solvency Scenario with Management Action .....	40
Figure FCT- 34	Decline in Equity Markets Solvency Scenario with Management Action - Difference from Base Forecast .....	40
Figure FCT- 35	Decline in Equity Markets Going Concern Scenario without Management Action.....	41
Figure FCT- 36	Decline in Equity Markets Going Concern Scenario without Management Action - Difference from Base Forecast .....	41
Figure FCT- 37	Decline in Equity Markets Going Concern Scenario with Management Action.....	41
Figure FCT- 38	Decline in Equity Markets Going Concern Scenario with Management Action - Difference from Base Forecast .....	42
Figure FCT- 39	Total Equity - High Loss Ratio Scenario without Management Action.....	44
Figure FCT- 40	Minimum Capital Test Ratio - High Loss Ratio Scenario without Management Action .....	45
Figure FCT- 41	High Loss Ratio Solvency Scenario without Management Action .....	46
Figure FCT- 42	High Loss Ratio Solvency Scenario without Management Action - Difference from Base Forecast .....	46
Figure FCT- 43	High Loss Ratio Solvency Scenario with Management Action.....	47
Figure FCT- 44	High Loss Ratio Solvency Scenario with Management Action - Difference from Base Forecast .....	47
Figure FCT- 45	High Loss Ratio Going Concern Scenario without Management Action .....	48
Figure FCT- 46	High Loss Ratio Going Concern without Management Action - Difference from Base Forecast .....	48
Figure FCT- 47	High Loss Ratio Going Concern Scenario with Management Action.....	49
Figure FCT- 48	High Loss Ratio Going Concern Scenario with Management Action - Difference from Base Forecast .....	49
Figure FCT- 49	Historical PIPP Run off.....	51
Figure FCT- 50	Simulated PIPP Run off .....	51
Figure FCT- 51	Total Equity - Policy Liabilities Scenario without Management Action .....	52
Figure FCT- 52	Minimum Capital Test Ratio - Policy Liabilities Scenario without Management Action .....	53
Figure FCT- 53	Policy Liabilities Solvency Scenario without Management Action.....	54
Figure FCT- 54	Policy Liabilities Solvency Scenario without Management Action - Difference from Base Forecast .....	54
Figure FCT- 55	Policy Liabilities Solvency Scenario with Management Action .....	55
Figure FCT- 56	Policy Liabilities Solvency Scenario with Management Action - Difference from Base Forecast .....	55
Figure FCT- 57	Policy Liabilities Going Concern Scenario without Management Action.....	56
Figure FCT- 58	Policy Liabilities Going Concern Scenario without Management Action - Difference from Base Forecast .....	56
Figure FCT- 59	Policy Liabilities Going Concern Scenario with Management Action .....	57
Figure FCT- 60	Policy Liabilities Going Concern Scenario with Management Action - Difference from Base Forecast .....	57

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

Figure FCT- 61	Historical Declines in Long-Term Bond Yields (1956 to May 2021).....	59
Figure FCT- 62	Selected Adverse Scenarios by Percentile and Period (Cumulative).....	59
Figure FCT- 63	Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (Without 0.47% Floor).....	60
Figure FCT- 64	Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (With 0.53% Floor) .....	61
Figure FCT- 65	Total Equity - Interest Rate Decrease Scenario without Management Action.....	62
Figure FCT- 66	Minimum Capital Test Ratio - Interest Rate Decrease Scenario without Management Action .....	63
Figure FCT- 67	Interest Rate Decrease Solvency Scenario without Management Action .....	64
Figure FCT- 68	Interest Rate Decrease Solvency Scenario without Management Action - Difference from Base Forecast.....	64
Figure FCT- 69	Interest Rate Decrease Solvency Scenario with Management Action .....	65
Figure FCT- 70	Interest Rate Decrease Solvency Scenario with Management Action - Difference from Base Forecast.....	65
Figure FCT- 71	Interest Rate Decrease Going Concern Scenario without Management Action.....	66
Figure FCT- 72	Interest Rate Decrease Going Concern Scenario without Management Action - Difference from Base Forecast .....	66
Figure FCT- 73	Interest Rate Decrease Going Concern Scenario with Management Action.....	67
Figure FCT- 74	Interest Rate Decrease Going Concern Scenario with Management Action - Difference from Base Forecast .....	67
Figure FCT- 75	Correlation between Equity Returns and Interest Rate Movements .....	69
Figure FCT- 76	Total Equity - Combined Scenario without Management Action .....	70
Figure FCT- 77	Minimum Capital Test Ratio - Combined Scenario without Management Action.....	71
Figure FCT- 78	Selected 1-in-100 Year Combined Scenario Assumptions .....	72
Figure FCT- 79	Combined Solvency Scenario without Management Action.....	72
Figure FCT- 80	Combined Solvency Scenario without Management Action - Difference from Base Forecast .....	73
Figure FCT- 81	Combined Solvency Scenario with Management Action .....	73
Figure FCT- 82	Combined Solvency Scenario with Management Action - Difference from Base Forecast.....	74
Figure FCT- 83	Combined Going Concern Scenario without Management Action.....	75
Figure FCT- 84	Combined Going Concern Scenario without Management Action - Difference from Base Forecast.....	75
Figure FCT- 85	Combined Going Concern Scenario with Management Action .....	76
Figure FCT- 86	Combined Going Concern Scenario with Management Action - Difference from Base Forecast.....	76
Figure FCT- 87	Assumed Capital Transfers .....	77
Figure FCT- 88	Solvency Scenarios excluding Capital Transfers: Total Equity .....	78
Figure FCT- 89	Solvency Scenarios excluding Capital Transfers: Minimum Capital Test Ratio .....	78
Figure FCT- 90	Going Concern Scenarios excluding Capital Transfers: Total Equity .....	78
Figure FCT- 91	Going Concern Scenarios excluding Capital Transfers: Minimum Capital Test Ratio .....	79

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

---

Figure FCT- 92	Terminations for PIPP Claims Open More Than 10 Years.....	81
Figure FCT- 93	Canadian CPI .....	82
Figure FCT- 94	Canadian Corporate Bond Default Rate Analysis.....	84
Figure FCT- 95	Fitted Canadian Corporate Bond Default Rates.....	85

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

## Financial Condition Test

### FCT.1 Summary Of Findings

- 1 I have completed my investigation of the future financial condition of Basic  
2 Compulsory Autopac Insurance (Basic) as at March 31, 2021 in accordance with  
3 accepted actuarial practice (AAP) in Canada.
- 4 I have analyzed the forecasted financial positions of Basic over an appropriate forecast  
5 period under a series of scenarios. As part of my investigation, I have used the target  
6 capital ratios for Basic as set out in the Regulation and in the Capital Management  
7 Plan of MPI.
- 8 My report includes the identification of key risk exposures and corrective management  
9 actions that could be taken to mitigate the effect of adverse scenarios threatening  
10 Basic solvency or/and its ability to operate on a going concern basis.
- 11 In my opinion, the future financial condition of Basic is satisfactory.

12 Winnipeg, Manitoba  
13 October 9, 2021

14 Subject to approval from MPI Board of Directors  
15 Raul Martin  
16 Fellow, Canadian Institute of Actuaries



### FCT.1.1 Satisfactory Financial Condition

- 1 The insurer's financial condition would be satisfactory if throughout the forecast  
2 period:
- 3 • under the solvency scenarios, the statement value of the insurer's assets is  
4 greater than the statement value of its liabilities;
  - 5 • under the going concern scenarios, the insurer meets the regulatory minimum  
6 capital ratio(s) as defined by the *Reserves Regulation*, Man. Reg. 76/2019 (the  
7 Regulation) and the MPI Capital Management Plan (CMP) ; and
  - 8 • under the base scenario, the insurer meets its internal target capital ratio(s) as  
9 defined by the Regulation and the CMP.

10 Through reverse stress testing, MPI has determined that the MCT ratio must remain  
11 above 50% MCT in order for Basic to meet the going concern capital requirements  
12 (i.e. build capital back to 100% MCT within 5 years or less). In other words, if the MCT  
13 falls below 50% then Basic cannot return to 100% MCT in 5 years through the routine  
14 application of rate increases, capital rebuilding fees, and Extension transfers.

### FCT.1.2 Base Scenario

15 The base scenario represents a realistic set of assumptions that are used to forecast  
16 the financial position of the insurer over the forecast period. The base scenario used in  
17 this Financial Condition Test (FCT) analysis is the same base scenario that MPI filed on  
18 June 24, 2021 in the 2022 General Rate Application (GRA).

19 The base scenario includes the implementation of the MPI CMP. The CMP provides a  
20 dynamic target capital level for Basic in all scenarios and assumes automatic transfers  
21 of excess capital from the MPI Extension line of business, when its capital exceeds the  
22 200% Minimum Capital Test (MCT) ratio at a given fiscal year end.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 1 Base Scenario – Includes 2.82 Rate Decrease and no Capital Release in 2022/23 and No Rate Changes or Capital Build Provisions thereafter**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Net Income</b>	\$67	\$5	\$10	\$4	\$6
3	<b>Premium Rebates</b>	(\$47)	\$0	\$0	\$0	\$0
4	<b>Retained Earnings</b>	\$469	\$513	\$570	\$627	\$687
5	<b>Capital Transfers</b>	\$0	\$39	\$47	\$53	\$54
6	<b>AOCI<sup>1</sup></b>	(\$14)	(\$11)	(\$7)	(\$2)	\$3
7	<b>Total Equity<sup>2</sup></b>	\$455	\$502	\$563	\$625	\$690
8	<b>MCT Ratio<sup>3</sup></b>	100.00%	101.50%	109.20%	119.10%	128.00%
9	1. Accumulated Other Comprehensive Income					
10	2. Total Equity = Retained Earnings + AOCI					
11	3. Minimum Capital Test Ratio based on the 2020 MCT Guideline					

### FCT.1.3 Adverse Scenarios

- 1 An adverse scenario is developed by stress testing the assumptions used in the base
- 2 scenario with regards to risk factors that may trigger potential threats to the financial
- 3 condition of the insurer.

#### FCT.1.3.1 Solvency Scenarios

- 4 A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial
- 5 probability of occurring. In this FCT report, the selected solvency scenarios are at the
- 6 1-in-100 year probability level.

- 7 The figure below summarizes the most adverse solvency scenarios tested in this
- 8 report over the four year return period, including assumed management and
- 9 regulatory action, for each of the four main risk categories.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 2 Solvency Scenarios with Management Action: Total Equity**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Combined Scenario (4-Year)	\$455	\$354	\$256	\$225	\$242
3	High Loss Ratio (4-Year)	\$455	\$492	\$487	\$223	\$397
4	Policy Liabilities (4-Year)	\$455	\$435	\$454	\$495	\$570
5	Equity Decline (4-Year)	\$455	\$447	\$465	\$506	\$565
6	Interest Rate Decrease (4-Year)	\$455	\$450	\$495	\$580	\$661

**Figure FCT- 3 Solvency Scenarios with Management Action: Minimum Capital Test Ratio**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	Combined Scenario (4-Year)	100.00%	66.85%	42.26%	37.02%	39.82%
2	High Loss Ratio (4-Year)	100.00%	98.71%	91.91%	35.15%	73.33%
3	Policy Liabilities (4-Year)	100.00%	84.75%	84.67%	90.96%	101.91%
4	Equity Decline (4-Year)	100.00%	90.77%	91.36%	100.08%	107.13%
5	Interest Rate Decline (4-Year)	100.00%	79.01%	88.90%	103.89%	114.34%

- 1 Based on the above results, the most adverse solvency scenario is the four-year
- 2 Combined Scenario. As shown in the figure above, MPI Basic maintains a positive Total
- 3 Equity balance for all 1-in-100 year solvency scenarios tested in this report.

### FCT.1.3.2 Going Concern Scenarios

- 4 A going concern scenario is an adverse scenario that is more likely to occur and/or be
- 5 less severe than a solvency scenario, and could include risks not considered in the
- 6 solvency scenarios. In this FCT report, the selected going concern scenarios are at the
- 7 1-in-10 year probability level.

- 8 The figure below summarizes the most adverse going concern scenarios tested in this
- 9 report over the four year return period, for each of the four main risk categories.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 4 Going Concern Scenarios without Management Action: Total Equity**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Combined Scenario (4-Year)</b>	\$455	\$484	\$427	\$385	\$338
3	<b>High Loss Ratio (4-Year)</b>	\$455	\$426	\$455	\$429	\$418
4	<b>Policy Liabilities (1-Year)</b>	\$455	\$425	\$482	\$545	\$607
5	<b>Equity Decline (1-Year)</b>	\$455	\$451	\$509	\$567	\$628
6	<b>Interest Rate Decline (1-Year)</b>	\$455	\$453	\$470	\$498	\$516

**Figure FCT- 5 Going Concern Scenarios without Management Action: Minimum Capital Test Ratio**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<b>Combined Scenario (4-Year)</b>	100.00%	95.39%	75.88%	66.51%	57.26%
2	<b>High Loss Ratio (4-Year)</b>	100.00%	83.46%	87.53%	79.16%	76.11%
3	<b>Policy Liabilities (1-Year)</b>	100.00%	82.28%	93.10%	104.26%	113.69%
4	<b>Equity Decline (1-Year)</b>	100.00%	91.69%	99.43%	109.33%	118.23%
5	<b>Interest Rate Decline (1-Year)</b>	100.00%	79.68%	84.58%	89.00%	89.78%

- 1 Based on the above, the most adverse going concern scenario is the four-year
- 2 Combined scenario. Basic is able to meet the minimum capital requirement of the CMP
- 3 in all of the going concern scenarios (can achieve 100% MCT within 5 years provided
- 4 MCT is greater than 50%).

#### FCT.1.4 Rationale for Actuarial Opinion

- 5 Under the solvency scenarios, including plausible management and regulatory action,
- 6 there are no scenarios at the selected 1-in-100 year probability level that cause Basic
- 7 Total Equity to fall below zero during the four-year forecast period.
- 8 Under the going concern scenarios, excluding plausible management and regulatory
- 9 action, there are no scenarios at the selected 1-in-10 year probability level that cause
- 10 Basic to be unable to meet the target capital ratios required by the Regulation and
- 11 CMP over the forecast period (can achieve 100% MCT within 5 years provided MCT is
- 12 greater than 50%).

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 Under the base scenario, Basic maintains an MCT ratio at or above the target capital  
2 ratios as required by the Regulation and CMP over the forecast period.

3 As a result, the financial condition of Basic is satisfactory.

## FCT.1.5 Review of Events Since the Previous FCT Report

### FCT.1.5.1 COVID-19 Pandemic Impact

4 On March 20, 2020 the Government of Manitoba declared a state of emergency as a  
5 result of the COVID-19 Pandemic. Since this time, MPI has experienced significant  
6 volatility in results relative to budget for most key financial variables. However, due to  
7 the low risk profile of Basic, specifically in relation to the Basic asset and liability  
8 management program, the net impact of this volatility was largely favourable to net  
9 income and the MCT ratio. In particular:

- 10 • The net impact of changing interest rates on Basic claims liabilities and the  
11 associated asset-backing Basic claims portfolio was essentially zero (hedged).
- 12 • Claims costs dropped significantly as customers were no longer driving to work  
13 or school. At the peak of the pandemic lockdown, collision claims were down by  
14 more than 50%.
- 15 • Equity markets declined significantly at the start of the pandemic, but have  
16 since recovered most of these losses.

17 As a result of the actual and projected net income improvement from the pandemic,  
18 MPI issued a \$110 million rebate in May 2020, of which \$58 million came from the  
19 Basic line of business. A second rebate was issued in December 2020 comprised of  
20 \$69 million capital release. In June 2021, MPI has proposed a third rebate which is  
21 estimated at \$202 million. The third rebate consists of \$155 million from 2020/21  
22 fiscal year end performance and \$47 million from 2021/22 projected financial results.  
23 The projected impacts are included in the base scenario for this FCT report.

24 MPI has continued to experience favourable claims results through August 31, 2021;  
25 but at a lesser magnitude than at the start of the Pandemic. There has also been a  
26 substantial recovery in equity markets since March 2020.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

- 1 For the purposes of the FCT analysis, MPI has assumed its base forecast is a
- 2 reasonable projection of the forecast period. However, given the significant
- 3 uncertainty in results, MPI will perform sensitivity testing if the results of any adverse
- 4 scenario become close to the threshold for achieving satisfactory financial condition.

#### FCT.1.6 Recommendations

- 5 1. In the 2022 FCT analysis, Management should include projections on the expected
- 6 impacts from International Financial Reporting Standards (IFRS) 17.

## FCT.2 Introduction

### FCT.2.1 Role of the Appointed Actuary

1 As per Subsection 2520 of the Canadian Institute of Actuaries (CIA) Standards of  
2 Practice:

3 *The appointed actuary should make an investigation at least once*  
4 *during each financial year of the insurer's recent and current financial*  
5 *position and financial condition, as revealed by financial condition*  
6 *testing for selected scenarios.*

7 *The appointed actuary should make a report of each investigation in*  
8 *writing to the insurer's board of directors (or to the appropriate*  
9 *committee of the board such as audit committee, risk committee, etc. if*  
10 *they so delegate) or its chief agent for Canada. The report should*  
11 *identify possible actions, and reasons for those actions, for dealing with*  
12 *any threats to satisfactory financial condition that the investigation*  
13 *reveals. The actuary should also comment on the consistency of the*  
14 *results of the investigation and possible actions with the own risk and*  
15 *solvency assessment (ORSA).*

16 *The appointed actuary should ensure that the investigation is current.*  
17 *The investigation should take into consideration recent events and*  
18 *recent financial operating results of the insurer.*

### FCT.2.2 Purpose

19 The purpose of financial condition testing is to identify (i) plausible threats to  
20 satisfactory financial condition, (ii) actions that would lessen the likelihood of those  
21 threats, and (iii) actions that would mitigate a threat if it materialized.

### FCT.2.3 Scope

22 The FCT report contains the key assumptions of the base scenario and the plausible  
23 adverse scenarios posing the greatest risk to the satisfactory financial condition of MPI  
24 Basic. This report discloses each of the risk categories considered in undertaking the  
25 FCT analysis. It is expected that the actuary would scenario test and report at least

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 once during each financial year on the base scenario, and adverse scenarios posing  
2 significant risk for the insurer.

3 The report would also contain the adverse scenarios examined that cause the insurer  
4 to fall below its internal target capital ratio(s) as determined by the ORSA. The report  
5 would make it clear whether under these scenarios the regulators may impose  
6 restrictions on the operations of the insurer, including its ability to write new business.

7 If the investigation identifies any plausible threat to the satisfactory financial condition  
8 of Basic, then the actuary would identify corrective management action that would  
9 lessen or mitigate that threat if it materialized. For each adverse scenario reported  
10 upon, the actuary would report the results both with and without the effect of  
11 corrective management action.

12 The report would present the financial position of the insurer at each fiscal year-end  
13 throughout the forecast period.

14 The FCT analysis was performed by Raul Martin. Mr. Martin is available to answer any  
15 questions in regards to this report and can be reached at the following address:

16 J.S. Cheng & Partners Inc.  
17 1500 Don Mills Rd, Suite 706  
18 Toronto, Ontario  
19 M3B 3K4  
20 Telephone: 416-510-8360  
21 E-mail: jscp@jscp.com

#### FCT.2.4 Use and Distribution

22 The FCT report was prepared for the internal use of MPI. A copy of this report may be  
23 provided to MPI's external auditors and to the Public Utilities Board (PUB).

#### FCT.2.5 Process

24 FCT has the following key elements:



revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

- 1 • Development of a base scenario;
- 2 • Analysis of the impact of adverse scenarios;
- 3 • Identification and analysis of the effectiveness of various strategies to mitigate
- 4 risks;
- 5 • A report on the results of the analysis and recommendations to MPI
- 6 management and its Board of Directors; and
- 7 • An opinion signed by the actuary and included in the report on the financial
- 8 condition of the insurer.

### FCT.2.6 Method

9 The MPI internal financial model was used to perform the 2021 FCT analysis. Detailed  
10 output from the financial model is provided in the supporting appendices for the base  
11 scenario and for each adverse scenario tested in this report.

12 The base scenario was generated through the combined effort of several departments  
13 and committees, including:

- 14 • Actuarial Services
- 15 • Investments
- 16 • Financial Forecasting and Reinsurance
- 17 • Enterprise Risk Management
- 18 • Forecasting Committee
- 19 • Executive Committee

20 The assumptions and forecasts generated by the above units and committees are the  
21 inputs for the MPI financial model. A written summary of the base scenario  
22 assumptions are contained in FCT.4.3 of this report, while detailed model output for  
23 the base scenario with -2.82% rate change is contained in Appendix 1.

24 The modeling of plausible adverse scenarios involves reviewing all of the assumptions  
25 (or inputs) of the base scenario and determining how they are impacted by the event.  
26 A new set of assumptions and forecasts are then generated based on the assumed

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

- 1 plausible adverse scenario. These assumptions are then input into the financial model
- 2 and the results are compared to the base scenario.

### FCT.2.7 Data Sources

- 3 To perform this valuation, I have used information provided by:
  - 4 • Tyler Clearwater, Actuarial Analyst, Forecasting & Reinsurance
  - 5 • Glenn Bunston, Manager, ALM & Investment Management
  - 6 • Kyle Brawdy, Senior Investment Analyst, ALM & Investment Management
  - 7 • Wes Sprenger, Manager, Enterprise Risk Management
  - 8 • Dean Dunstone, Manager, Forecasting & Reinsurance
  - 9 • Mark Russo, Financial Forecasting Specialist, Forecasting & Reinsurance

## FCT.3 Capital Adequacy Management

### FCT.3.1 Regulatory Capital Requirements and the Capital Management Plan

1 Basic Total Equity, net of any special appropriations, is referred to as the Rate  
2 Stabilization Reserve. Per the Regulation:

3 *The minimum amount the Corporation must maintain in its rate*  
4 *stabilization reserve is the amount determined using a MCT ratio of*  
5 *100%.*

6 MPI has interpreted that compliance with this Regulation occurs when the Basic MCT  
7 ratio is in excess of 100% or if MPI has executed a capital rebuilding plan to restore  
8 Basic MCT to at least 100% in five years or less.

9 The MPI CMP was approved by the PUB in the 2019/20 fiscal year. The plan is  
10 anchored on the regulated 100% MCT capital target for Basic and includes automatic  
11 capital transfers from the Extension line of business of MPI. The CMP includes the  
12 following components:

- 13 • **AAP ratemaking** – Basic rates are determined based on AAP using a 0% profit  
14 provision.
- 15 • **Capital targets by line of business** – Basic insurance has a capital target of  
16 100% MCT and Extension has a capital target of 200% MCT. The Extension  
17 capital target is relevant to this FCT report because of the assumption of  
18 automatic capital transfers from Extension to Basic.
- 19 • **Capital transfer rules** – When Extension has a year-end MCT ratio in excess  
20 of 200% MCT, capital is automatically transferred from Extension to Basic such  
21 that the Extension MCT ratio falls to 200% MCT. Capital cannot be transferred  
22 from Basic to Extension.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

- 1       • **Capital build or release provision** – At the annual rate application process,  
2           when the Basic MCT ratio at the beginning of the rating year is less than 100%  
3           MCT, MPI must demonstrate that the base scenario for Basic insurance will  
4           achieve a 100% MCT ratio within 5 years or less. Further, Basic must move at  
5           least 1/5<sup>th</sup> of the way towards the 100% MCT target each year. If the Basic  
6           base scenario does not achieve the targeted MCT ratios, then a capital build  
7           (i.e. rate surcharge) must be applied.
- 8       • **Rate Caps** – The CMP does not cap any rate increases required from the  
9           application of AAP ratemaking. However, if the indicated AAP rate change is  
10          greater than +5%, then no additional surcharge will be applied. If the rate  
11          change is less than 5%, then a capital surcharge can be applied such that the  
12          maximum overall rate change from AAP and the capital surcharge is +5%.

13   The CMP is included in the financial model used in this FCT analysis.

14   The figure below shows the MCT ratio under the base scenario compared to the target  
15   MCT ratio based on the CMP of MPI. MPI Basic is in compliance with the Reserves  
16   Regulation because the base scenario MCT ratio is in excess of the 100% MCT capital  
17   requirement over the next rating period (2022/23). The base scenario does not  
18   include assumed rate or capital adjustments beyond the 2022/23 rating year.  
19   However, in practice, rates would be modified each year as part of the regulatory rate  
20   review process, i.e. MPI’s annual General Rate Application.

**Figure FCT- 6       Base Forecast, Minimum Capital Test Ratio**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<b>Base Forecast</b>	100.00%	101.50%	109.20%	119.10%	128.00%
2	<b>MCT Target</b>	100.00%	100.00%	100.00%	100.00%	100.00%

### FCT.3.2    Materiality

21   As per CIA Standards of Practice, an omission, understatement or overstatement is  
22   material if the actuary expects it to materially affect either the user’s decision making  
23   or the user’s reasonable expectations. MPI has judgmentally selected a materiality

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 standard of \$10 million, which is twice the materiality standard used in the *External*  
2 *Actuary Review Attachment B, March 2021 Basic Appointed Actuary's Report*. The  
3 higher standard reflects the much greater uncertainty associated with the FCT  
4 projections relative to the uncertainty of the base forecast.

5 Note: The materiality level is not intended to represent the range of reasonable values  
6 or the inherent uncertainty in an actuarial estimate.

## FCT.4 Background Discussions

### FCT.4.1 Description of Basic

7 MPI Basic is its compulsory automobile insurance product. MPI has a monopoly on the  
8 sale of Basic products. The Basic coverages are as follows:

- 9 • All perils coverage with a \$750 deductible
- 10 • Maximum insured value of \$70,000
- 11 • No-fault accident benefits - Personal Injury Protection Plan (PIPP)
- 12 • Third Party Liability with a \$500,000 limit.

### FCT.4.2 Recent and Current Financial Position

13 The figure below provides the historical financial results for Basic over the previous  
14 five fiscal years.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 7 Historical Results**

Line No.		2016/17	2017/18	2018/19	12 mnth *2019/20	13mnths **2019/20	2020/21
1	<i>(in millions)</i>						
2	<b>Earned Revenues</b>	\$928	\$983	\$1,052	\$1,116	\$1,206	\$1,146
3	<b>Total Claims Costs</b>	\$994	\$924	\$1,031	\$906	\$1,020	\$803
4	<b>Expenses</b>	\$140	\$141	\$152	\$150	\$162	\$142
5	<b>Investment Income</b>	\$83	\$116	\$210	\$60	\$107	\$90
6	<b>Net Income</b>	(\$123)	\$34	\$79	\$121	\$131	\$291
7	<b>Premium Rebates</b>	\$0	\$0	\$0	\$0	\$0	(\$283)
8	<b>Transfers from Competitive Lines</b>	\$28	\$37	\$60	\$0	\$0	\$0
9	<b>Retained Earnings</b>	\$99	\$171	\$310	\$430	\$441	\$449
10	<b>AOCI<sup>1</sup></b>	\$82	\$40	(\$60)	\$15	(\$34)	(\$15)
11	<b>Total Equity<sup>2</sup></b>	\$181	\$211	\$250	\$406	\$407	\$434
12	<b>MCT Ratio<sup>3</sup></b>	29.71%	44.11%	51.54%	105.83%	104.10%	100.00%

13 1. Accumulated Other Comprehensive Income

14 2. Total Equity = Retained Earnings + AOCI

15 3. Minimum Capital Test (MCT) Ratio. The 2020/21 MCT ratio is calculated based on the 2020 MCT Guideline.

### FCT.4.3 Base Scenario

1 As per CIA Standards of Practice (section 2520.17):

2 *The base scenario would be a realistic set of assumptions used to*  
 3 *forecast the insurer's financial position over the forecast period.*  
 4 *Normally, the base scenario would be consistent with the insurer's*  
 5 *business plan. The actuary would accept the business plan's*  
 6 *assumptions for use in the base scenario unless these assumptions are*  
 7 *so inconsistent or unrealistic that the resulting report would be*  
 8 *misleading. The actuary would report any material inconsistency*  
 9 *between the base scenario and the business plan.*

10 Details of the MPI base scenario are provided in the following sections.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

#### FCT.4.4 Description of Economic Assumptions in the Base Scenario

1 **Volume growth:** The number of insured units (excluding trailers and Off-Road  
2 Vehicles (ORVs)) is assumed to increase 1.25% in 2021/22, 1.13% in 2022/23 and  
3 1.06% thereafter. The longer term forecast is consistent with historical averages.  
4 Trailers and ORVs have higher growth rates, but represent less than 1% of annual loss  
5 costs.

6 **Vehicle Upgrade Factor:** The average premium can increase or decrease without  
7 rate changes as customers change their vehicle preferences (e.g. SUVs versus cars),  
8 where they live (i.e. Winnipeg versus rural), or how they use their vehicle (i.e. all-  
9 purpose versus pleasure). The vehicle upgrade factor (excluding trailers and ORVs) is  
10 assumed to be 2.69% in 2021/22 and 2.45% in 2022/23 and thereafter, which is  
11 consistent with the most recent five year average. For more information see *Revenues*  
12 *REV.1.2*.

13 **Inflation:** Manitoba CPI is forecasted to be 1.7% in 2021/22, 1.8% in 2022/23 and  
14 2.0% thereafter. These rates are based on the consensus forecast from various banks  
15 and economic forecasting firms rounded to the nearest 10 basis points. For more  
16 information see *Investments INV.14.2*.

17 **Interest rates and yields:** The projected interest rates and yields for the investment  
18 portfolio are shown in the figure below. The Government of Canada (GoC) 10 year  
19 bond rate forecast and the Canadian 91 Day T-Bill forecast was calculated using the  
20 naïve forecast<sup>1</sup>. The returns for MUSH (i.e. non-marketable provincial bonds), equities,  
21 real estate, and infrastructure are the internal forecasts of MPI.

---

<sup>1</sup> The naïve forecast is the existing interest rate held constant for the entire interest rate forecast. The GoC 10 year bond rate forecast was 1.56%, which is based on the rate as of March 31, 2021.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 8 Assumed Interest Rates and Yields**

Line No.	Fiscal Year	CDN 91 Day T-Bill	Government of Canada 10 Year	Basic Claims Marketable Bond Yield	RSR Marketable Bond Yield	MUSH Rate	CDN/US Equities	Global Equities	Global Low Volatility Equities	Real Estate	Infrast.
1	2021/22	0.09%	1.56%	2.49%	1.60%	4.33%	6.60%	6.60%	6.00%	5.90%	6.90%
2	2022/23	0.09%	1.56%	2.46%	1.60%	4.28%	6.60%	6.60%	6.00%	6.00%	7.00%
3	2023/24	0.09%	1.56%	2.46%	1.60%	4.23%	6.60%	6.60%	6.00%	5.90%	6.90%
4	2024/25	0.09%	1.56%	2.46%	1.60%	4.17%	6.60%	6.60%	6.00%	6.00%	7.00%
5	2025/26	0.09%	1.56%	2.46%	1.60%	4.12%	6.60%	6.60%	6.00%	6.00%	7.00%
6	*The interest rates and yields in the above table are for the fourth quarter of each fiscal year. The Corporation creates										
7	forecasts for each quarter (not shown).										

- 1 **Claims Liability Discount Rate:** The present value of Basic claim liabilities is  
2 calculated using a discount rate based on the current average yields on the fixed  
3 income portfolio of MPI. The assumed claim liability discount rates over the forecast  
4 period are shown in the figure below.

**Figure FCT- 9 Assumed Claims Liability Discount Rate**

Line No.	Fiscal Year End	Nominal	Real
1	2021/22	2.83%	0.81%
2	2022/23	2.78%	0.76%
3	2023/24	2.73%	0.71%
4	2024/25	2.69%	0.68%
5	2025/26	2.65%	0.64%

- 5 **Vehicle premiums:** The base forecast includes the following rate change and capital  
6 adjustments over the forecast period.

**Figure FCT- 10 Assumed Rate Changes and Capital Build Provisions**

Line No.	Policy Year	Rate Change	Capital Build Provision
1	2021/22	-5.5% (approved)	-5.0% (approved)
2	2022/23	-2.8% (proposed)	0.0% (proposed)
3	2023/24	0.0% (assumed)	0.0% (assumed)
4	2024/25	0.0% (assumed)	0.0% (assumed)
5	2025/26	0.0% (assumed)	0.0% (assumed)

- 7 Per the above figure, MPI has applied for a 2.8% rate decrease and no capital release  
8 in the 2022/23 policy year. The base forecast assumes the rate decrease proposed by  
9 MPI will be approved by the PUB. However, MPI also has the opportunity to file a



revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 compliance forecast with the PUB in October 2021. Should circumstances change (e.g.  
2 changes in interest rates, significant COVID-19 impacts, etc.), MPI has the opportunity  
3 to restate its 2022/23 rate projection and capital adjustment to best estimate levels  
4 i.e. pricing risk is thereby reduced.

5 In the 2023/24 to 2025/26 policy years, the base forecast assumes that there will be  
6 no additional rate changes or capital adjustments. However, assumed capital transfers  
7 from Extension to Basic *are* included in the forecast.

8 **Driver premiums:** MPI has not proposed any changes to driver premiums in the  
9 2022/23 policy year. For 2021/22, MPI forecasted a higher unit growth factor (of  
10 1.89%) based on the expectation that there will be an increase in the number of new  
11 drivers following the decrease in 2020/21. As the effect of the COVID-19 Pandemic  
12 gradually declines, MPI expects that drivers who chose to defer getting their license in  
13 2020/21 will get their license in 2021/22. Thereafter, MPI forecasts the driver unit  
14 growth rate at 1.35% per year, similar to the forecast of the previous year. For more  
15 information see Revenues REV.2.

## 16 **Reinsurance**

17 The MPI reinsurance structure is as follows:

- 18 • Catastrophe program in excess of \$35 million in aggregate annual catastrophic  
19 losses with a limit of \$300 million. There is a \$1 million deductible for each  
20 catastrophic event before inclusion into the aggregate loss pool.
- 21 • Casualty program with retention of \$10 million and a limit of \$50 million.

22 No changes in coverage are anticipated for the reinsurance program over the  
23 projection period.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test**

1 **Deferred Policy Acquisition Costs (DPAC) Write-Down and Premium**  
2 **Deficiencies**

3 The figure below shows the assumed changes in the premium deficiency and DPAC  
4 write-down over the forecast period. These amounts are included in the base forecast.

**Figure FCT- 11 Change in the Premium Deficiency or DPAC Write Down**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Change in Premium Deficiency/DPAC</b>	\$3	\$0	\$3	\$11	\$7

5 **Base Forecast**

6 The figure below shows the MPI base forecast used in the FCT report.

**Figure FCT- 12 Base Scenario – Includes 2.82 Rate Decrease and no Capital Release in 2022/23 and No Rate Changes or Capital Build Provisions thereafter**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,077	\$1,120	\$1,167	\$1,210
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$100	\$101	\$103	\$105
6	<b>Net Income</b>	\$20	\$5	\$10	\$4	\$6
7	<b>Retained Earnings/RSR</b>	\$469	\$513	\$570	\$627	\$687
8	<b>AOCI</b>	(\$14)	(\$11)	(\$7)	(\$2)	\$3
9	<b>Total Equity</b>	\$455	\$502	\$563	\$625	\$690
10	<b>MCT Ratio</b>	100.00%	101.46%	109.23%	119.14%	128.01%

#### FCT.4.5 Discussion of Prior Year's DCAT Results, Recommendations, and Management Actions

1 The Financial Condition Test (FCT) report dated October 9, 2020 found that the future  
2 financial condition of Basic was satisfactory because (i) there were no adverse  
3 scenarios at the selected 1-in-100 year probability level that caused Basic Total Equity  
4 to fall below zero during the four-year forecast period;(ii) under all going concern  
5 scenarios tested , Basic meets the minimum capital ratio under the Regulation and  
6 CMP and (iii) under the base scenario, Basic maintained a Total Equity balance above  
7 the targeted MCT ratio over the forecast period.

8 It was recommended that Management conduct an analysis of the expected impacts of  
9 IFRS 17. However, this analysis has been delayed due to the one year deferral of the  
10 implementation of IFRS 17. As of August 2021, MPI is working with its External  
11 Appointed Actuary, JS Cheng and Partners, on a mock IFRS 17 policy liability  
12 valuation.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

## FCT.5 Adverse Scenarios

### FCT.5.1 Solvency Scenarios

1 A summary of the projected Total Equity, MCT ratios, and assumed management  
2 action for the selected 1-in-100 year solvency scenarios are shown in the figures  
3 below. These scenarios are considered to have the most significant financial impact to  
4 the financial position of Basic. Each scenario is tested over 1, 2, 3, and 4 year return  
5 periods, and the return period that results in the lowest Total Equity is selected for  
6 modeling purposes. All other risk categories are discussed in the 'Analysis of All  
7 Property and Casualty Insurer Risk Categories' section of this report.

**Figure FCT- 13 Total Equity – 1-in-100 Year Solvency Scenarios including Management Action**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Base	\$455	\$502	\$563	\$625	\$690
3	Combined Scenario (4-Year)	\$455	\$354	\$256	\$225	\$242
4	High Loss Ratio (4-Year)	\$455	\$492	\$487	\$223	\$397
5	Policy Liabilities (4-Year)	\$455	\$435	\$454	\$495	\$570
6	Equity Decline (4-Year)	\$455	\$447	\$465	\$506	\$565
7	Interest Rate Decrease (4-Year)	\$455	\$450	\$495	\$580	\$661

**Figure FCT- 14 Minimum Capital Test Ratios – 1-in-100 Year Solvency Scenarios including Management Action**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	Base	100.00%	101.50%	109.20%	119.10%	128.00%
2	Combined Scenario (4-Year)	100.00%	66.85%	42.26%	37.02%	39.82%
3	High Loss Ratio (4-Year)	100.00%	98.71%	91.91%	35.15%	73.33%
4	Policy Liabilities (4-Year)	100.00%	84.75%	84.67%	90.96%	101.91%
5	Equity Decline (4-Year)	100.00%	90.77%	91.36%	100.08%	107.13%
6	Interest Rate Decline (4-Year)	100.00%	79.01%	88.90%	103.89%	114.34%

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 15 Assumed Management and Regulatory Action – 1-in-100 Year Solvency Scenarios**

Line No.	Scenario	2022/23	2023/24	2024/25	2025/26
1	Base	-2.8% Rate / 0.0% CBP			
3	Combined Scenario (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
2	High Loss Ratio (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 5.0% CBP
4	Policy Liabilities (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 4.2% CBP	0.0% Rate / 1.5% CBP	0.0% Rate / 1.5% CBP
5	Equity Decline (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 2.7% CBP	0.0% Rate / 1.6% CBP	0.0% Rate / 0.9% CBP
6	Interest Rate Decrease (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP

- 1 The Total Equity and MCT ratio forecasts for all of the solvency scenarios remain  
2 positive throughout the forecast period after management and regulatory action.

### FCT.5.2 Going Concern Scenarios

3 A summary of the projected Total Equity, MCT ratios, and assumed management  
4 action for the selected 1-in-10 year going concern scenarios are shown in the figures  
5 below. These scenarios are considered to have the most significant financial impact to  
6 the financial position of Basic from a going concern perspective. Each scenario is  
7 tested over 1, 2, 3, and 4 year return periods, and the return period that results in the  
8 lowest Total Equity is selected for modeling purposes. All other risk categories are  
9 discussed in the 'Analysis of All Property and Casualty Insurer Risk Categories' section  
10 of this report.

11 MPI has satisfactory financial condition under the going concern scenario when the  
12 MCT ratio remains above the minimum amount required to meet the requirements of  
13 the CMP. Through reverse stress testing, MPI has determined that the MCT ratio must  
14 remain above 50% MCT in order for Basic to meet the going concern capital  
15 requirements (i.e. build capital back to 100% MCT within 5 years or less). In other  
16 words, if the MCT falls below 50% then Basic cannot return to 100% MCT in 5 years  
17 through the routine application of rate increases, capital rebuilding fees, and Extension  
18 transfers.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 16 Total Equity – 1-in-10 Year Going Concern Scenarios without Management Action**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Base	\$455	\$502	\$563	\$625	\$690
3	Combined Scenario (4-Year)	\$455	\$484	\$427	\$385	\$338
4	High Loss Ratio (4-Year)	\$455	\$426	\$455	\$429	\$418
5	Policy Liabilities (1-Year)	\$455	\$425	\$482	\$545	\$607
6	Equity Decline (1-Year)	\$455	\$451	\$509	\$567	\$628
7	Interest Rate Decline (1-Year)	\$455	\$453	\$470	\$498	\$516

**Figure FCT- 17 Minimum Capital Test Ratios – 1-in-10 Year Going Concern Scenarios including Management Action**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	Base	100.00%	101.50%	109.20%	119.10%	128.00%
2	Combined Scenario (4-Year)	100.00%	95.39%	75.88%	66.51%	57.26%
3	High Loss Ratio (4-Year)	100.00%	83.46%	87.53%	79.16%	76.11%
4	Policy Liabilities (1-Year)	100.00%	82.28%	93.10%	104.26%	113.69%
5	Equity Decline (1-Year)	100.00%	91.69%	99.43%	109.33%	118.23%
6	Interest Rate Decline (1-Year)	100.00%	79.68%	84.58%	89.00%	89.78%

**Figure FCT- 18 Assumed Management and Regulatory Action – 1-in-10 Year Going Concern Solvency Scenarios**

Line No.	Scenario	2022/23	2023/24	2024/25	2025/26
1	Base	-2.8% Rate / 0.0% CBP			
3	Combined Scenario (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 2.2% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 3.5% CBP
2	High Loss Ratio (4-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 5.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 3.3% CBP
4	Policy Liabilities (1-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP
5	Equity Decline (1-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP
6	Interest Rate Decrease (1-Year)	-2.8% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP	0.0% Rate / 0.0% CBP

- 1 Under the going concern scenarios, MPI maintains a minimum Basic MCT ratio of
- 2 57.26% or greater. MPI is able to meet the target capital requirements of the CMP
- 3 under all of the going concern scenarios.

### FCT.5.3 Management and Regulatory Action

1 The CMP effectively predetermines the management action for Basic rate changes in  
2 all scenarios. The key assumptions stemming from the CMP, which are relevant to the  
3 FCT analysis, are as follows:

4 1. Basic rates will be determined using AAP and a 0% provision for profit. There  
5 are no rate caps on indicated AAP rate increases.

6  
7 2. Basic will receive automatic capital transfers from the Extension line of  
8 business whenever Extension has an MCT ratio greater than 200%. Capital will  
9 be transferred from Extension such that the year-end Extension MCT ratio does  
10 not exceed 200%. Note: The FCT modeling has assumed that Extension capital  
11 transfers occur at the fiscal year end, however, in practice the transfer may not  
12 occur until the first quarter of the following year.

13  
14 3. Basic insurance cannot transfer capital to other lines of business.

15  
16 4. Basic has a regulatory target MCT ratio of 100%. If the Basic MCT ratio is less  
17 than 100% at the beginning of the rating year, MPI must demonstrate in its  
18 base scenario that the Basic MCT will meet or exceed 100% MCT in 5 years or  
19 less. If it does not, then MPI must apply a capital surcharge to Basic rates in  
20 order to meet this requirement.

21  
22 5. The maximum incremental capital surcharge in a given year is +5% less the  
23 amount of any AAP rate increase, i.e. if the AAP rate increase is +2%, then the  
24 maximum capital surcharge is +3%.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

## FCT.5.4 Decline in Equity Markets

### 1 Scenario Description

2 The equity assets of MPI experience a decline beginning in the 2022/23 fiscal year.

### 3 Ripple Effects

4 None identified – other than those impacts already incorporated into the MPI financial  
5 model.

### 6 Changes from Last Year's FCT Report

7 No changes were made to this scenario relative to last year's FCT report.

### 8 Scenario Justification

9 Historical total returns on Canadian, Global, and Global Low Volatility equities were  
10 used to model this scenario. The figure below shows the actual total returns at the 1<sup>st</sup>,  
11 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles for each category from 1956 to present (May 31, 2021).

**Figure FCT- 19 Historical Total Returns on Canadian Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
2	1956-present	1st	-31.95%	-28.45%	-23.37%	-8.75%
3	1956-present	2.5th	-25.51%	-23.04%	-10.78%	-2.69%
4	1956-present	5th	-16.78%	-14.82%	-5.77%	1.16%
5	1956-present	10th	-10.61%	-5.99%	-0.61%	7.00%



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 20 Historical Total Returns on Global Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
1	1971-present	1st	-31.18%	-38.77%	-39.43%	-34.55%
2	1971-present	2.5th	-27.62%	-34.23%	-34.62%	-32.68%
3	1971-present	5th	-19.75%	-27.64%	-29.56%	-26.63%
4	1971-present	10th	-14.51%	-18.49%	-18.86%	-20.63%

**Figure FCT- 21 Historical Total Returns on Global Low Volatility Equities by Percentile and Return Period (Cumulative)**

Line No.	Time Period	Percentile	Return Period (Years)			
			1	2	3	4
1	1988-present	1st	-19.09%	-29.17%	-23.92%	-17.62%
2	1988-present	2.5th	-16.04%	-20.02%	-19.57%	-14.42%
3	1988-present	5th	-12.90%	-15.76%	-16.55%	-12.17%
4	1988-present	10th	-7.10%	-8.53%	-10.18%	-8.81%

- 1 Based on the historical results, the selected equity decline scenarios of MPI are based
- 2 on fitted distributions that best represent the historical data. The assumptions are
- 3 shown as total return in the figure below.

**Figure FCT- 22 Fitted Distributions for Canadian Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
1	1st	-34.97%	-28.62%	-19.95%	-8.28%
2	2.5th	-25.83%	-20.84%	-13.05%	-3.73%
3	5th	-18.79%	-14.27%	-6.89%	0.83%
4	10th	-11.46%	-6.87%	0.39%	6.97%

**Figure FCT- 23 Fitted Distributions for Global Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
1	1st	-37.16%	-43.22%	-39.29%	-34.66%
2	2.5th	-26.28%	-31.90%	-33.69%	-30.88%
3	5th	-18.05%	-22.85%	-27.46%	-25.96%
4	10th	-9.82%	-13.17%	-18.65%	-17.93%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 24 Fitted Distributions for Global Low Volatility Equities Total Return by Percentile and Return Period (Cumulative)**

Line No.	Percentile	Return Period (Years)			
		1	2	3	4
2	1st	-19.69%	-26.64%	-22.34%	-17.79%
3	2.5th	-15.01%	-20.42%	-18.67%	-15.85%
4	5th	-10.89%	-14.49%	-14.20%	-12.74%
5	10th	-6.14%	-7.17%	-7.37%	-6.73%

## 1 Correlations

2 Correlations between each of the different equity categories were selected based on  
3 the Mercer 2018 ALM Phase 2 Report. The figure below shows the assumed  
4 correlations between equity categories.

**Figure FCT- 25 Correlation between Equity Returns**

Line No.	Index	Canadian Equities	Global Equities	Global Low Volatility Equities
1	Canadian Equities	1.00		
2	Global Equities	0.70	1.00	
3	Global Low Volatility Equities	0.35	0.79	1.00

## 5 Dividend Yield

6 The dividend yield used in the Equity Decline scenarios is the same dividend yield as  
7 the base forecast – see figure below.

**Figure FCT- 26 Dividend Yield**

Line No.	Fiscal Year	Canadian Equities	Global Equities	Global Low Vol Equities
1	2021/22	3.76%	4.70%	4.10%
2	2022/23	3.64%	4.56%	3.96%
3	2023/24	3.76%	4.44%	3.84%
4	Thereafter	3.76%	4.44%	3.84%

8 Dividend income is calculated based on the market value of the portfolio multiplied by  
9 the dividend yield. When the market value of the equity portfolio declines in the

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

1 scenario analysis, dividends received as investment income also decline on a  
2 proportionate basis.

### 3 **Realized Losses**

4 Equity turnover indicates the rate at which gains or losses are realized in the equity  
5 portfolio on an annual basis. For this year's report, turnover is assumed to be 3.72%  
6 for Canadian equity, 3.50% for Global equity, and 12.50% for Global low volatility for  
7 all years over the forecast period.

### 8 **Rebalancing Assumptions under the ALM Portfolios (Basic and RSR)**

9 The Basic Claims asset allocation tolerance ranges for each asset class are  
10 summarized in the figure below:

**Figure FCT- 27 Asset Allocation Tolerance Ranges (Basic Claims)**

Line No.	Asset Class Group	Minimum	Target	Maximum
1	<b>Fixed Income</b>			
2	Provincial Bonds	50.0%	60.0%	70.0%
3	Corporate Bonds	10.0%	20.0%	30.0%
4	MUSH	0.0%	20.0%	30.0%
5	<b>Total Fixed Income</b>		<b>100.0%</b>	

11 The RSR asset allocation tolerance ranges for each asset class are summarized in the  
12 figure below:

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 28 Asset Allocation Tolerance Ranges (RSR)**

Line No.	Asset Class Group	Minimum	Target	Maximum
1	<b>Fixed Income</b>			
2	Provincial Bonds	10.0%	20.0%	30.0%
3	Corporate Bonds	0.0%	10.0%	20.0%
4	Private Debt	15.0%	20.0%	25.0%
5	<b>Total Fixed Income</b>	<b>40.0%</b>	<b>50.0%</b>	<b>60.0%</b>
6	<b>Public Equities</b>			
7	Canadian Equities	7.0%	12.0%	17.0%
8	Global Equities	8.0%	13.0%	18.0%
9	Global Low Volatility	5.0%	10.0%	15.0%
10	<b>Total Equities</b>	<b>25.0%</b>	<b>35.0%</b>	<b>45.0%</b>
11	<b>Alternatives</b>			
12	Canadian Real Estate	7.0%	10.0%	20.0%
13	Infrastructure	2.0%	5.0%	8.0%
14	<b>Total Alternatives</b>	<b>10.0%</b>	<b>15.0%</b>	<b>30.0%</b>

## 1 Impairments

2 The MPI Impairment Policy is consistent with the IFRS Standards. Equities are held at  
3 market value on the financial statements. Therefore, modeled losses are fully reflected  
4 in Total Equity at all times. When equities are impaired, the impairment reclassifies  
5 the loss from Accumulated Other Comprehensive Income to Net Income. This  
6 impairment reclassification does not have any impact on the reported Total Equity.

7 Impairments are recognized in the model based on the following conditions:

- 8 • If the market value falls below 80% of book value at a fiscal year end,  
9 impairment is recognized.
- 10 • If market value remains below 100% of the book value for a period longer than  
11 a year, then at the following fiscal year-end an impairment is recognized.

12 When an impairment occurs, the book value of the equity portfolio is adjusted to equal  
13 the market value.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

1 **Results**

- 2 The figures below show the projected Total Equity for each of the Equity Decline  
3 scenarios described above excluding management action.

**Figure FCT- 29 Total Equity - Decline in Equity Markets Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$379			
3	1-in-40	1 year + base	\$405			
4	1-in-20	1 year + base	\$427			
5	1-in-10	1 year + base	\$451			
6	1-in-100	2 year + base	\$417	\$397		
7	1-in-40	2 year + base	\$437	\$431		
8	1-in-20	2 year + base	\$448	\$454		
9	1-in-10	2 year + base	\$470	\$499		
10	1-in-100	3 year + base	\$441	\$439	\$436	
11	1-in-40	3 year + base	\$450	\$458	\$465	
12	1-in-20	3 year + base	\$457	\$471	\$484	
13	1-in-10	3 year + base	\$468	\$492	\$515	
14	1-in-100	4 year + base	\$455	\$467	\$477	\$488
15	1-in-40	4 year + base	\$460	\$476	\$491	\$508
16	1-in-20	4 year + base	\$465	\$487	\$507	\$527
17	1-in-10	4 year + base	\$470	\$499	\$526	\$554
18	<b>Base</b>		\$502	\$563	\$625	\$690
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$123)			
21	1-in-100, 2 year		(\$84)	(\$166)		
22	1-in-100, 3 year		(\$61)	(\$124)	(\$189)	
23	1-in-100, 4 year		(\$47)	(\$96)	(\$148)	(\$202)

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 30 Minimum Capital Test Ratio - Decline in Equity Markets Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	1-in-100	1 year + base	76.1%			
2	1-in-40	1 year + base	82.4%			
3	1-in-20	1 year + base	87.0%			
4	1-in-10	1 year + base	91.7%			
5	1-in-100	2 year + base	85.1%	76.6%		
6	1-in-40	2 year + base	88.9%	84.6%		
7	1-in-20	2 year + base	91.1%	89.1%		
8	1-in-10	2 year + base	93.9%	94.4%		
9	1-in-100	3 year + base	89.7%	86.2%	84.3%	
10	1-in-40	3 year + base	91.6%	90.0%	89.8%	
11	1-in-20	3 year + base	92.9%	92.5%	94.5%	
12	1-in-10	3 year + base	94.9%	96.4%	100.1%	
13	1-in-100	4 year + base	92.5%	91.7%	93.3%	93.0%
14	1-in-40	4 year + base	93.4%	93.5%	96.0%	96.4%
15	1-in-20	4 year + base	94.4%	95.5%	98.8%	101.4%
16	1-in-10	4 year + base	95.5%	97.7%	102.3%	106.2%
17	Base		101.5%	109.2%	119.1%	128.0%
18	Difference from Base					
19	1-in-100, 1 year		-25.4%			
20	1-in-100, 2 year		-16.4%	-32.6%		
21	1-in-100, 3 year		-11.8%	-23.1%	-34.8%	
22	1-in-100, 4 year		-9.0%	-17.6%	-25.8%	-35.0%

1 **Solvency Scenario**

2 Of the 1-in-100 year scenarios, the four year scenario produced the largest overall  
3 decline in Total Equity relative to the base forecast. The results for this scenario are  
4 shown in the figures below and in [Appendix 5](#).

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 31 Decline in Equity Markets Solvency Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,078	\$1,120	\$1,167	\$1,210
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$91	\$79	\$47	\$59
6	<b>Net Income</b>	\$20	(\$4)	(\$12)	(\$51)	(\$41)
7	<b>Retained Earnings</b>	\$469	\$504	\$539	\$541	\$554
8	<b>AOCI</b>	(\$14)	(\$49)	(\$72)	(\$64)	(\$65)
9	<b>Total Equity</b>	\$455	\$455	\$467	\$477	\$488
10	<b>MCT Ratio</b>	100.00%	92.48%	91.67%	93.32%	93.00%

**Figure FCT- 32 Decline in Equity Markets Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$0	\$0	\$0	(\$0)
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$8)	(\$22)	(\$56)	(\$47)
6	<b>Net Income</b>	\$0	(\$9)	(\$22)	(\$56)	(\$47)
7	<b>Retained Earnings</b>	\$0	(\$9)	(\$31)	(\$86)	(\$133)
8	<b>AOCI</b>	\$0	(\$38)	(\$65)	(\$61)	(\$69)
9	<b>Total Equity</b>	\$0	(\$47)	(\$96)	(\$148)	(\$202)
10	<b>MCT Ratio</b>	0.00%	-8.98%	-17.56%	-25.82%	-35.01%

1 Total equity remains positive in the Equity Decline scenario before the application of  
2 management action. Therefore, Basic has adequate capital to respond to this scenario  
3 from a solvency perspective.

4 For completeness, MPI has also provided the Equity Decline scenario after  
5 management action in the tables below.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test**

**Figure FCT- 33 Decline in Equity Markets Solvency Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	2.7%	1.6%	0.9%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,216	\$1,286	\$1,349
5	<b>Total Claims Costs</b>	\$1,019	\$1,078	\$1,121	\$1,168	\$1,209
6	<b>Expenses</b>	\$159	\$163	\$171	\$178	\$182
7	<b>Investment Income</b>	\$101	\$91	\$79	\$48	\$60
8	<b>Net Income</b>	\$20	(\$4)	\$3	(\$12)	\$18
9	<b>Retained Earnings</b>	\$469	\$496	\$537	\$570	\$631
10	<b>AOCI</b>	(\$14)	(\$49)	(\$72)	(\$64)	(\$66)
11	<b>Total Equity</b>	\$455	\$447	\$465	\$506	\$565
12	<b>MCT Ratio</b>	100.00%	90.77%	91.36%	100.08%	107.13%

**Figure FCT- 34 Decline in Equity Markets Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	2.7%	1.6%	0.9%
4	<b>Earned Revenues</b>	\$0	\$0	\$17	\$43	\$60
5	<b>Total Claims Costs</b>	\$0	\$0	\$1	\$2	(\$1)
6	<b>Expenses</b>	\$0	\$0	\$1	\$3	\$4
7	<b>Investment Income</b>	\$0	(\$8)	(\$22)	(\$54)	(\$45)
8	<b>Net Income</b>	\$0	(\$9)	(\$7)	(\$16)	\$12
9	<b>Retained Earnings</b>	\$0	(\$17)	(\$32)	(\$57)	(\$56)
10	<b>AOCI</b>	\$0	(\$38)	(\$65)	(\$61)	(\$69)
11	<b>Total Equity</b>	\$0	(\$55)	(\$97)	(\$119)	(\$125)
12	<b>MCT Ratio</b>	0.00%	-10.69%	-17.87%	-19.06%	-20.88%

**Going Concern Scenario**

- 1 Of the 1-in-10 year Equity Decline going concern scenarios without management
- 2 action, the one-year scenario reaches a low of 91.7% MCT. Before application of
- 3 management action, the Equity Decline going concern scenario is materially above
- 4 50% MCT throughout the forecast period.



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 35 Decline in Equity Markets Going Concern Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,078	\$1,120	\$1,167	\$1,210
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$88	\$90	\$95	\$99
6	<b>Net Income</b>	\$20	(\$7)	(\$1)	(\$3)	(\$0)
7	<b>Retained Earnings</b>	\$469	\$501	\$547	\$597	\$650
8	<b>AOCI</b>	(\$14)	(\$50)	(\$38)	(\$30)	(\$22)
9	<b>Total Equity</b>	\$455	\$451	\$509	\$567	\$628
10	<b>MCT Ratio</b>	100.00%	91.69%	99.43%	109.33%	118.23%

**Figure FCT- 36 Decline in Equity Markets Going Concern Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$0	(\$0)	(\$0)	(\$0)
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$11)	(\$11)	(\$7)	(\$6)
6	<b>Net Income</b>	\$0	(\$12)	(\$11)	(\$7)	(\$6)
7	<b>Retained Earnings</b>	\$0	(\$11)	(\$23)	(\$30)	(\$36)
8	<b>AOCI</b>	\$0	(\$39)	(\$31)	(\$28)	(\$26)
9	<b>Total Equity</b>	\$0	(\$50)	(\$54)	(\$58)	(\$62)
10	<b>MCT Ratio</b>	0.00%	-9.77%	-9.80%	-9.81%	-9.78%

**Figure FCT- 37 Decline in Equity Markets Going Concern Scenario with Management Action**

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
5	<b>Total Claims Costs</b>	\$1,019	\$1,078	\$1,120	\$1,167	\$1,210
6	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
7	<b>Investment Income</b>	\$101	\$88	\$89	\$95	\$99
8	<b>Net Income</b>	\$20	(\$7)	(\$1)	(\$3)	(\$1)
9	<b>Retained Earnings</b>	\$469	\$492	\$537	\$587	\$639
10	<b>AOCI</b>	(\$14)	(\$50)	(\$38)	(\$30)	(\$23)
11	<b>Total Equity</b>	\$455	\$442	\$499	\$556	\$617
12	<b>MCT Ratio</b>	100.00%	89.76%	97.48%	107.39%	116.26%

**Figure FCT- 38 Decline in Equity Markets Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Total Claims Costs</b>	\$0	\$0	(\$0)	(\$0)	(\$0)
6	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
7	<b>Investment Income</b>	\$0	(\$11)	(\$12)	(\$8)	(\$7)
8	<b>Net Income</b>	\$0	(\$12)	(\$12)	(\$8)	(\$7)
9	<b>Retained Earnings</b>	\$0	(\$21)	(\$32)	(\$40)	(\$47)
10	<b>AOCI</b>	\$0	(\$39)	(\$31)	(\$28)	(\$26)
11	<b>Total Equity</b>	\$0	(\$60)	(\$64)	(\$68)	(\$73)
12	<b>MCT Ratio</b>	0.00%	-11.70%	-11.75%	-11.75%	-11.75%

## FCT.5.5 High Loss Ratio

1 **Scenario Description**

2 MPI experiences a significant increase in its loss ratio beginning in the 2022/23 fiscal  
3 year.

4 **Ripple Effects**

5 *Claims Expenses:* The claims expenses, including internal claims adjustment costs  
6 (ICAC), were adjusted based on the increased level of claims costs. Claims expenses  
7 were restated using the cost allocation rules in the MPI financial model. ICAC was  
8 adjusted based on the estimated level of unpaid losses and incurred-but-not-reported  
9 (IBNR) at each fiscal year end.

10 *Actuarial Adjustments:* The claims impacts were estimated by simulating ultimate loss  
11 costs for future loss years. The most adverse ultimate loss scenarios were then  
12 selected for input into the financial model (it is not practical to run every simulation  
13 through the financial model), which discounts and adjusts the ultimate losses for  
14 actuarial provisions for adverse deviation (per actuarial standards of practice).

15 *Reinsurance:* The adverse scenario was assumed to have no impact on future  
16 reinsurance premiums. Reinsurance recoveries, if applicable, are included  
17 automatically as part of the financial modeling process.

18 *Premium Deficiency and/or Deferred Policy Acquisition Cost (DPAC) Write-Down:* A  
19 significant increase in the loss ratio could result in unearned premiums being  
20 insufficient to cover expected claims costs and expenses. The impact of a premium  
21 deficiency/DPAC write-down is included in the simulated results.

22 **Changes from Last Year's FCT Report**

23 No changes were made to this scenario relative to last year's FCT report.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

1 **Scenario Justification**

2 *Simulation of Ultimate Losses*

3 **Results**

4 The figure below shows the results of the incurred simulations by probability level and  
5 return period along with a comparison to the base forecast.

**Figure FCT- 39 Total Equity - High Loss Ratio Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>1-in-100</b>	1 year + base	\$341			
3	<b>1-in-40</b>	1 year + base	\$383			
4	<b>1-in-20</b>	1 year + base	\$406			
5	<b>1-in-10</b>	1 year + base	\$432			
6	<b>1-in-100</b>	2 year + base	\$434	\$217		
7	<b>1-in-40</b>	2 year + base	\$376	\$334		
8	<b>1-in-20</b>	2 year + base	\$459	\$389		
9	<b>1-in-10</b>	2 year + base	\$426	\$455		
10	<b>1-in-100</b>	3 year + base	\$433	\$414	\$168	
11	<b>1-in-40</b>	3 year + base	\$371	\$271	\$274	
12	<b>1-in-20</b>	3 year + base	\$373	\$342	\$369	
13	<b>1-in-10</b>	3 year + base	\$403	\$440	\$444	
14	<b>1-in-100</b>	4 year + base	\$489	\$463	\$147	\$148
15	<b>1-in-40</b>	4 year + base	\$494	\$453	\$466	\$273
16	<b>1-in-20</b>	4 year + base	\$388	\$372	\$378	\$341
17	<b>1-in-10</b>	4 year + base	\$426	\$455	\$429	\$418
18	<b>Base</b>		\$502	\$563	\$625	\$690
19	<b>Difference from Base</b>					
20	<b>1-in-100, 1 year</b>		(\$160)			
21	<b>1-in-100, 2 year</b>		(\$68)	(\$345)		
22	<b>1-in-100, 3 year</b>		(\$69)	(\$149)	(\$457)	
23	<b>1-in-100, 4 year</b>		(\$12)	(\$100)	(\$478)	(\$541)

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 40 Minimum Capital Test Ratio - High Loss Ratio Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	1-in-100	1 year + base	64.0%			
2	1-in-40	1 year + base	74.0%			
3	1-in-20	1 year + base	79.2%			
4	1-in-10	1 year + base	85.7%			
5	1-in-100	2 year + base	85.3%	34.3%		
6	1-in-40	2 year + base	72.2%	61.2%		
7	1-in-20	2 year + base	91.3%	71.6%		
8	1-in-10	2 year + base	83.9%	80.4%		
9	1-in-100	3 year + base	85.2%	77.8%	25.1%	
10	1-in-40	3 year + base	71.1%	47.3%	50.3%	
11	1-in-20	3 year + base	71.5%	63.0%	69.3%	
12	1-in-10	3 year + base	78.9%	85.2%	83.8%	
13	1-in-100	4 year + base	98.3%	87.4%	20.5%	24.8%
14	1-in-40	4 year + base	99.8%	85.4%	89.0%	46.9%
15	1-in-20	4 year + base	75.2%	69.8%	71.3%	62.5%
16	1-in-10	4 year + base	83.5%	87.5%	79.2%	76.1%
17	<b>Base</b>		101.5%	109.2%	119.1%	128.0%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-37.5%			
20	1-in-100, 2 year		-16.2%	-74.9%		
21	1-in-100, 3 year		-16.3%	-31.4%	-94.0%	
22	1-in-100, 4 year		-3.2%	-21.8%	-98.6%	-103.3%

1 **Solvency Scenarios**

2 Based on the above results, the most significant solvency scenarios are the four-year  
3 scenarios. MPI selected the four-year scenario at the 1-in-100 year level for modeling  
4 purposes. Without any management action, the loss ratio solvency scenario can  
5 effectively exhaust the entire 100% MCT Total Equity balance over a 4 year period.  
6 However, with routine management action at the assumed maximum of 5% capital  
7 build per year beginning with 2023/24 policies, the MCT remains significantly above  
8 zero over the forecast period.

9 The results for this solvency scenario, with and without management action, are  
10 shown in the figures below and in [Appendix 3](#).

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 41 High Loss Ratio Solvency Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,090	\$1,206	\$1,538	\$1,250
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$100	\$104	\$107	\$117
6	<b>Net Income</b>	\$20	(\$8)	(\$73)	(\$363)	(\$23)
7	<b>Retained Earnings</b>	\$469	\$500	\$474	\$164	\$195
8	<b>AOCI</b>	(\$14)	(\$11)	(\$11)	(\$17)	(\$47)
9	<b>Total Equity</b>	\$455	\$489	\$463	\$147	\$148
10	<b>MCT Ratio</b>	100.00%	98.27%	87.41%	20.50%	24.76%

**Figure FCT- 42 High Loss Ratio Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$12	\$86	\$371	\$40
4	<b>Expenses</b>	\$0	\$0	\$0	(\$0)	\$0
5	<b>Investment Income</b>	\$0	\$0	\$3	\$4	\$12
6	<b>Net Income</b>	\$0	(\$12)	(\$84)	(\$367)	(\$29)
7	<b>Retained Earnings</b>	\$0	(\$12)	(\$96)	(\$463)	(\$491)
8	<b>AOCI</b>	\$0	\$0	(\$4)	(\$15)	(\$50)
9	<b>Total Equity</b>	\$0	(\$12)	(\$100)	(\$478)	(\$541)
10	<b>MCT Ratio</b>	0.00%	-3.19%	-21.82%	-98.64%	-103.25%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 43 High Loss Ratio Solvency Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,230	\$1,337	\$1,454
5	<b>Total Claims Costs</b>	\$1,019	\$1,090	\$1,208	\$1,544	\$1,249
6	<b>Expenses</b>	\$159	\$163	\$172	\$181	\$189
7	<b>Investment Income</b>	\$101	\$100	\$103	\$105	\$116
8	<b>Net Income</b>	\$20	(\$8)	(\$46)	(\$282)	\$131
9	<b>Retained Earnings</b>	\$469	\$502	\$497	\$234	\$427
10	<b>AOCI</b>	(\$14)	(\$11)	(\$10)	(\$12)	(\$30)
11	<b>Total Equity</b>	\$455	\$492	\$487	\$223	\$397
12	<b>MCT Ratio</b>	100.00%	98.71%	91.91%	35.15%	73.33%

**Figure FCT- 44 High Loss Ratio Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$31	\$94	\$165
5	<b>Total Claims Costs</b>	\$0	\$12	\$87	\$377	\$39
6	<b>Expenses</b>	\$0	\$0	\$2	\$6	\$11
7	<b>Investment Income</b>	\$0	\$0	\$2	\$3	\$11
8	<b>Net Income</b>	\$0	(\$12)	(\$56)	(\$286)	\$125
9	<b>Retained Earnings</b>	\$0	(\$10)	(\$73)	(\$392)	(\$259)
10	<b>AOCI</b>	\$0	\$0	(\$3)	(\$10)	(\$33)
11	<b>Total Equity</b>	\$0	(\$10)	(\$76)	(\$402)	(\$292)
12	<b>MCT Ratio</b>	0.00%	-2.75%	-17.32%	-83.99%	-54.68%

1 **Going Concern Scenarios**

2 Of the 1-in-10 year High Loss Ratio going concern scenarios without management  
3 action, the four-year scenario reaches a low of 76.1% MCT. As shown in the results  
4 below, before applying routine management action the four-year going concern  
5 scenario meets the requirements of the CMP with a minimum MCT of 76%.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 45 High Loss Ratio Going Concern Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,153	\$1,150	\$1,250	\$1,281
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$177
5	<b>Investment Income</b>	\$101	\$99	\$105	\$99	\$107
6	<b>Net Income</b>	\$20	(\$71)	(\$14)	(\$83)	(\$63)
7	<b>Retained Earnings</b>	\$469	\$437	\$469	\$439	\$430
8	<b>AOCI</b>	(\$14)	(\$11)	(\$15)	(\$10)	(\$12)
9	<b>Total Equity</b>	\$455	\$426	\$455	\$429	\$418
10	<b>MCT Ratio</b>	100.00%	83.46%	87.53%	79.16%	76.11%

**Figure FCT- 46 High Loss Ratio Going Concern without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	(\$0)	(\$0)	(\$0)
3	<b>Total Claims Costs</b>	\$0	\$75	\$29	\$83	\$71
4	<b>Expenses</b>	\$0	\$0	(\$0)	(\$0)	(\$1)
5	<b>Investment Income</b>	\$0	(\$0)	\$4	(\$4)	\$1
6	<b>Net Income</b>	\$0	(\$76)	(\$25)	(\$87)	(\$69)
7	<b>Retained Earnings</b>	\$0	(\$76)	(\$100)	(\$187)	(\$257)
8	<b>AOCI</b>	\$0	(\$0)	(\$8)	(\$8)	(\$15)
9	<b>Total Equity</b>	\$0	(\$76)	(\$108)	(\$195)	(\$272)
10	<b>MCT Ratio</b>	0.00%	-18.00%	-21.70%	-39.98%	-51.90%



revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 47 High Loss Ratio Going Concern Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	5.0%	5.0%	0.0%	3.3%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,230	\$1,303	\$1,375
5	<b>Total Claims Costs</b>	\$1,019	\$1,153	\$1,151	\$1,251	\$1,281
6	<b>Expenses</b>	\$159	\$163	\$172	\$179	\$183
7	<b>Investment Income</b>	\$101	\$99	\$105	\$100	\$104
8	<b>Net Income</b>	\$20	(\$71)	\$13	(\$26)	\$14
9	<b>Retained Earnings</b>	\$469	\$426	\$484	\$504	\$575
10	<b>AOCI</b>	(\$14)	(\$11)	(\$14)	(\$9)	(\$4)
11	<b>Total Equity</b>	\$455	\$415	\$470	\$495	\$571
12	<b>MCT Ratio</b>	100.00%	81.16%	90.36%	92.10%	103.15%

**Figure FCT- 48 High Loss Ratio Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	0.0%	3.3%
4	<b>Earned Revenues</b>	\$0	\$0	\$31	\$60	\$86
5	<b>Total Claims Costs</b>	\$0	\$75	\$31	\$84	\$71
6	<b>Expenses</b>	\$0	\$0	\$2	\$4	\$5
7	<b>Investment Income</b>	\$0	(\$0)	\$4	(\$3)	(\$2)
8	<b>Net Income</b>	\$0	(\$76)	\$3	(\$31)	\$8
9	<b>Retained Earnings</b>	\$0	(\$87)	(\$86)	(\$123)	(\$112)
10	<b>AOCI</b>	\$0	(\$0)	(\$7)	(\$7)	(\$7)
11	<b>Total Equity</b>	\$0	(\$87)	(\$93)	(\$130)	(\$119)
12	<b>MCT Ratio</b>	0.00%	-20.30%	-18.87%	-27.04%	-24.86%

## FCT.5.6 Policy Liabilities Scenario

### 1 **Scenario Description**

2 A misestimation of prior year's policy liabilities results in a large actuarial adjustment  
3 beginning in the 2022/23 fiscal year.

### 4 **Ripple Effects**

5 None identified.

### 6 **Changes from Last Year's FCT Report**

7 The policy liabilities impact is now modelled using data since 2015.

### 8 **Scenario Justification**

9 Annual changes to estimated claim liabilities directly affect net claims incurred for the  
10 given fiscal year. To model the volatility of underestimation of policy liabilities, MPI  
11 used its historical prior year valuation changes for no-fault Personal Injury Protection  
12 Program (PIPP) benefits. PIPP benefits make up the vast majority of Basic claim  
13 liabilities. Since MPI does not settle PIPP claims, the majority of PIPP liabilities are for  
14 lifetime claimants. The average claims duration of PIPP liabilities is in excess of 10  
15 years.

16 MPI reviewed data back to 2015. The figure below shows the PIPP valuation changes  
17 from one year to the next.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 49 Historical PIPP Run off**

Line No.		Revised Valuation	Initial Valuation	Difference (\$)	Difference (%)
1	<i>(in millions)</i>				
2	<b>Mar 2021</b>	\$3,037	\$2,993	\$44	1.47%
3	<b>Mar 2020</b>	\$2,964	\$3,016	(\$52)	-1.71%
4	<b>Feb 2019</b>	\$2,959	\$2,930	\$29	1.00%
5	<b>Feb 2018</b>	\$2,897	\$2,857	\$39	1.37%
6	<b>Feb 2017</b>	\$2,835	\$2,771	\$64	2.32%
7	<b>Feb 2016</b>	\$2,766	\$2,733	\$33	1.21%

- 1 Fitting the data directly would assume that there is overvaluation of policy liability
- 2 every year on average. As such, MPI has judgmentally assumed a normal distribution
- 3 with a mean of 0.0% and standard deviation of 1.6%. This was selected to properly
- 4 reflect the variability of future valuations while still assuming that there is no inherent
- 5 overestimation or underestimation of policy liabilities each year. A percentage of total
- 6 PIPP claim liabilities was simulated for each year.

**Figure FCT- 50 Simulated PIPP Run off**

Line No.	Percentile	1-Year	2-Year	3-Year	4-Year
1	<i>(in millions)</i>				
2	<b>1-in-100</b>	\$103	\$147	\$179	\$212
3	<b>1-in-40</b>	\$86	\$126	\$148	\$183
4	<b>1-in-20</b>	\$72	\$101	\$123	\$147
5	<b>1-in-10</b>	\$56	\$80	\$92	\$116

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

1 **Results**

2 The figures below show the projected Total Equity and MCT ratios for each of the  
3 Policy Liabilities scenarios described above. The results are shown without  
4 management action.

**Figure FCT- 51 Total Equity - Policy Liabilities Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$361			
3	1-in-40	1 year + base	\$381			
4	1-in-20	1 year + base	\$401			
5	1-in-10	1 year + base	\$425			
6	1-in-100	2 year + base	\$378	\$357		
7	1-in-40	2 year + base	\$389	\$386		
8	1-in-20	2 year + base	\$440	\$418		
9	1-in-10	2 year + base	\$466	\$483		
10	1-in-100	3 year + base	\$386	\$399	\$369	
11	1-in-40	3 year + base	\$435	\$429	\$407	
12	1-in-20	3 year + base	\$469	\$427	\$440	
13	1-in-10	3 year + base	\$488	\$463	\$481	
14	1-in-100	4 year + base	\$435	\$429	\$412	\$404
15	1-in-40	4 year + base	\$438	\$462	\$427	\$444
16	1-in-20	4 year + base	\$468	\$470	\$465	\$487
17	1-in-10	4 year + base	\$466	\$483	\$511	\$529
18	<b>Base</b>		\$502	\$563	\$625	\$690
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$141)			
21	1-in-100, 2 year		(\$124)	(\$205)		
22	1-in-100, 3 year		(\$116)	(\$163)	(\$255)	
23	1-in-100, 4 year		(\$67)	(\$133)	(\$213)	(\$286)

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 52 Minimum Capital Test Ratio - Policy Liabilities Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	1-in-100	1 year + base	67.0%			
2	1-in-40	1 year + base	71.7%			
3	1-in-20	1 year + base	76.5%			
4	1-in-10	1 year + base	82.3%			
5	1-in-100	2 year + base	70.9%	64.9%		
6	1-in-40	2 year + base	73.7%	71.2%		
7	1-in-20	2 year + base	86.1%	77.3%		
8	1-in-10	2 year + base	86.3%	84.9%		
9	1-in-100	3 year + base	72.8%	74.5%	66.7%	
10	1-in-40	3 year + base	84.7%	80.1%	74.3%	
11	1-in-20	3 year + base	93.1%	78.6%	81.8%	
12	1-in-10	3 year + base	98.0%	86.2%	90.1%	
13	1-in-100	4 year + base	84.8%	80.1%	75.3%	72.6%
14	1-in-40	4 year + base	85.4%	87.9%	77.9%	80.8%
15	1-in-20	4 year + base	93.0%	88.6%	86.1%	89.0%
16	1-in-10	4 year + base	92.3%	91.7%	96.2%	96.3%
17	<b>Base</b>		101.5%	109.2%	119.1%	128.0%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-34.5%			
20	1-in-100, 2 year		-30.5%	-44.4%		
21	1-in-100, 3 year		-28.7%	-34.7%	-52.4%	
22	1-in-100, 4 year		-16.7%	-29.1%	-43.8%	-55.5%

1 **Solvency Scenarios**

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four year scenarios. However, Total Equity for all solvency  
4 scenarios before management action remains significantly above zero.

5 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
6 The results for this scenario, with and without management action, are shown in the  
7 figures below and in Appendix 4.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 53 Policy Liabilities Solvency Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,144	\$1,185	\$1,243	\$1,278
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$100	\$107	\$105	\$106
6	<b>Net Income</b>	\$20	(\$62)	(\$49)	(\$70)	(\$62)
7	<b>Retained Earnings</b>	\$469	\$446	\$444	\$427	\$419
8	<b>AOCI</b>	(\$14)	(\$11)	(\$15)	(\$15)	(\$15)
9	<b>Total Equity</b>	\$455	\$435	\$429	\$412	\$404
10	<b>MCT Ratio</b>	100.00%	84.75%	80.09%	75.31%	72.56%

**Figure FCT- 54 Policy Liabilities Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$67	\$65	\$76	\$68
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$1
5	<b>Investment Income</b>	\$0	(\$0)	\$6	\$2	\$1
6	<b>Net Income</b>	\$0	(\$67)	(\$59)	(\$74)	(\$68)
7	<b>Retained Earnings</b>	\$0	(\$67)	(\$126)	(\$200)	(\$268)
8	<b>AOCI</b>	\$0	(\$0)	(\$8)	(\$13)	(\$18)
9	<b>Total Equity</b>	\$0	(\$67)	(\$133)	(\$213)	(\$286)
10	<b>MCT Ratio</b>	0.00%	-16.71%	-29.14%	-43.83%	-55.45%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 55 Policy Liabilities Solvency Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	4.2%	1.5%	1.5%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,226	\$1,304	\$1,372
5	<b>Total Claims Costs</b>	\$1,019	\$1,144	\$1,186	\$1,244	\$1,278
6	<b>Expenses</b>	\$159	\$163	\$172	\$179	\$184
7	<b>Investment Income</b>	\$101	\$100	\$107	\$104	\$106
8	<b>Net Income</b>	\$20	(\$62)	(\$25)	(\$15)	\$15
9	<b>Retained Earnings</b>	\$469	\$446	\$467	\$506	\$576
10	<b>AOCI</b>	(\$14)	(\$11)	(\$14)	(\$11)	(\$6)
11	<b>Total Equity</b>	\$455	\$435	\$454	\$495	\$570
12	<b>MCT Ratio</b>	100.00%	84.75%	84.67%	90.96%	101.91%

**Figure FCT- 56 Policy Liabilities Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	4.2%	1.5%	1.5%
4	<b>Earned Revenues</b>	\$0	\$0	\$26	\$61	\$83
5	<b>Total Claims Costs</b>	\$0	\$67	\$66	\$77	\$68
6	<b>Expenses</b>	\$0	\$0	\$2	\$4	\$6
7	<b>Investment Income</b>	\$0	(\$0)	\$6	\$1	\$0
8	<b>Net Income</b>	\$0	(\$67)	(\$36)	(\$19)	\$9
9	<b>Retained Earnings</b>	\$0	(\$67)	(\$102)	(\$121)	(\$111)
10	<b>AOCI</b>	\$0	(\$0)	(\$7)	(\$9)	(\$9)
11	<b>Total Equity</b>	\$0	(\$67)	(\$109)	(\$130)	(\$120)
12	<b>MCT Ratio</b>	0.00%	-16.71%	-24.56%	-28.18%	-26.10%

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test**

### Going Concern Scenarios

Of the 1-in-10 year Policy Liabilities going concern scenarios without management action, the one-year scenario reaches a low of 82.3% MCT. As shown in the results below, before applying routine management action the four-year going concern scenario meets the requirements of the CMP.

**Figure FCT- 57 Policy Liabilities Going Concern Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,154	\$1,122	\$1,164	\$1,210
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
5	<b>Investment Income</b>	\$101	\$100	\$108	\$101	\$103
6	<b>Net Income</b>	\$20	(\$72)	\$15	\$5	\$3
7	<b>Retained Earnings</b>	\$469	\$436	\$498	\$555	\$613
8	<b>AOCI</b>	(\$14)	(\$11)	(\$16)	(\$11)	(\$5)
9	<b>Total Equity</b>	\$455	\$425	\$482	\$545	\$607
10	<b>MCT Ratio</b>	100.00%	82.28%	93.10%	104.26%	113.69%

**Figure FCT- 58 Policy Liabilities Going Concern Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$77	\$2	(\$3)	\$0
4	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Investment Income</b>	\$0	(\$0)	\$7	(\$2)	(\$2)
6	<b>Net Income</b>	\$0	(\$77)	\$5	\$0	(\$3)
7	<b>Retained Earnings</b>	\$0	(\$77)	(\$72)	(\$71)	(\$74)
8	<b>AOCI</b>	\$0	(\$0)	(\$9)	(\$9)	(\$9)
9	<b>Total Equity</b>	\$0	(\$77)	(\$81)	(\$80)	(\$83)
10	<b>MCT Ratio</b>	0.00%	-19.18%	-16.13%	-14.88%	-14.32%



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 59 Policy Liabilities Going Concern Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
5	<b>Total Claims Costs</b>	\$1,019	\$1,154	\$1,122	\$1,164	\$1,210
6	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$178
7	<b>Investment Income</b>	\$101	\$100	\$108	\$101	\$103
8	<b>Net Income</b>	\$20	(\$72)	\$15	\$5	\$3
9	<b>Retained Earnings</b>	\$469	\$436	\$498	\$556	\$614
10	<b>AOCI</b>	(\$14)	(\$11)	(\$16)	(\$11)	(\$5)
11	<b>Total Equity</b>	\$455	\$425	\$482	\$545	\$608
12	<b>MCT Ratio</b>	100.00%	82.28%	93.16%	104.40%	113.88%

**Figure FCT- 60 Policy Liabilities Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Total Claims Costs</b>	\$0	\$77	\$2	(\$3)	\$0
6	<b>Expenses</b>	\$0	\$0	\$0	\$0	\$0
7	<b>Investment Income</b>	\$0	(\$0)	\$7	(\$2)	(\$2)
8	<b>Net Income</b>	\$0	(\$77)	\$5	\$0	(\$3)
9	<b>Retained Earnings</b>	\$0	(\$77)	(\$72)	(\$71)	(\$73)
10	<b>AOCI</b>	\$0	(\$0)	(\$9)	(\$9)	(\$9)
11	<b>Total Equity</b>	\$0	(\$77)	(\$80)	(\$79)	(\$82)
12	<b>MCT Ratio</b>	0.00%	-19.18%	-16.07%	-14.74%	-14.13%

## FCT.5.7 Interest Rate Decrease Scenario

### 1 Scenario Description

- 2 Interest rates decrease or remain at sustained low levels over the forecast period
- 3 beginning in the 2022/23 fiscal year.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 **Ripple Effects**

2 The impacts from interest rate changes are incorporated into MPI's financial model.

3 **Changes from Last Year's FCT Report**

4 No changes were made to this scenario relative to last year's FCT report.

5 **Scenario Justification**

6 Changes in the GoC 10 year bond rates impact both the fixed income portfolio and the  
7 claims liabilities valuation (which uses the fixed income portfolio yield to calculate the  
8 present value of the liabilities). In particular, changes in the GoC 10 year bond rates  
9 impact the gains/losses on marketable bonds and the yield on new MUSH purchases.  
10 Changes in the marketable bond yield, which consists of the forecasted GoC 10 year  
11 bond rate plus a spread based on the marketable bond duration, impacts the claims  
12 liability discount rate.

13 The dataset used in this scenario is the historical long-term bond yield series from the  
14 Bank of Canada (BoC) from 1956 to May 2021.<sup>2</sup> Long-term bond yields include bonds  
15 with a term of 10 years or longer (i.e. 10+ years). The entire dataset for BoC long-  
16 term bond yields is available from January 1949 to present. However, since the equity  
17 return history used in this FCT analysis is from 1956 to present, the data from 1949 to  
18 1955 was removed from the dataset for consistency.

19 Long-term bond yields were used instead of the GoC 10 year bond yields because the  
20 GoC 10 year bond yield dataset is only available from June 1989. Applying the  
21 historical change in long-term bond yields (10+ years) instead of applying the  
22 historical change in the GoC 10 year bond rate is a reasonable assumption for this  
23 analysis. This assumption holds true if there is a parallel shift in the yield curve when  
24 interest rates decline. Therefore, it is assumed in this scenario that there is a parallel

---

<sup>2</sup> V122487 series from the BoC.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

1 yield curve shift when interest rates change. The figure below shows the actual decline  
2 in long-term bond yields by percentile.

**Figure FCT- 61 Historical Declines in Long-Term Bond Yields (1956 to May 2021)**

Line No.	Time Period	Percentile	Period (Years)			
			1	2	3	4
1	1956-present	1st	-3.38%	-4.00%	-4.00%	-5.44%
2	1956-present	2.5th	-2.05%	-2.82%	-3.40%	-4.00%
3	1956-present	5th	-1.53%	-2.39%	-2.90%	-3.00%
4	1956-present	10th	-1.08%	-1.64%	-1.91%	-2.03%

3 Based on the historical results above, MPI selected interest rate decline scenarios  
4 based on fitted distributions selected to best represent the historical data. The  
5 assumptions are shown in the figure below.

**Figure FCT- 62 Selected Adverse Scenarios by Percentile and Period (Cumulative)**

Line No.	Percentile	Period (Years)			
		1	2	3	4
1	1st	-2.88%	-4.04%	-4.86%	-4.43%
2	2.5th	-2.22%	-3.11%	-3.77%	-3.67%
3	5th	-1.72%	-2.41%	-2.95%	-3.06%
4	10th	-1.22%	-1.71%	-2.12%	-2.39%

6 In addition to using the long-term bond yield dataset, for FCT purposes MPI has made  
7 the following assumptions:

- 8 • The decline in interest rates starting in 2022/23 is based off of the Q4 2021/22  
9 forecasted rate of 1.56%.
- 10 • For the one year scenario, the entire interest rate decline occurs in Q1  
11 2022/23. For the two year scenario, half of the modeled interest rate decline  
12 occurs in Q1 2022/23 and half in Q1 2023/24. For the three and four year  
13 scenarios, the modeled interest rate decline occurs in Q1 of each year on a  
14 linear basis similar to the two year scenario.
- 15 • An interest rate floor of 0.47% is applied to the interest rate scenarios if the  
16 forecasted interest rate falls below this level. The interest rate floor is based on  
17 the lowest monthly GoC 10 year bond yield from 1989 to present.

revised October 14, 2021  
 June 28, 2021

2022 GENERAL RATE APPLICATION  
 Part VII – Financial Condition Test

1 To illustrate the modeled interest rates and the application of the interest rate floor,  
 2 below are two charts showing the 1-in-100 year interest rate decline scenarios over 1,  
 3 2, 3, and 4 years. The first chart shows the modeled interest rate decline without the  
 4 0.47% floor. The second chart shows the modeled interest rate decline with the  
 5 0.47% floor.

**Figure FCT- 63 Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (Without 0.47% Floor)**

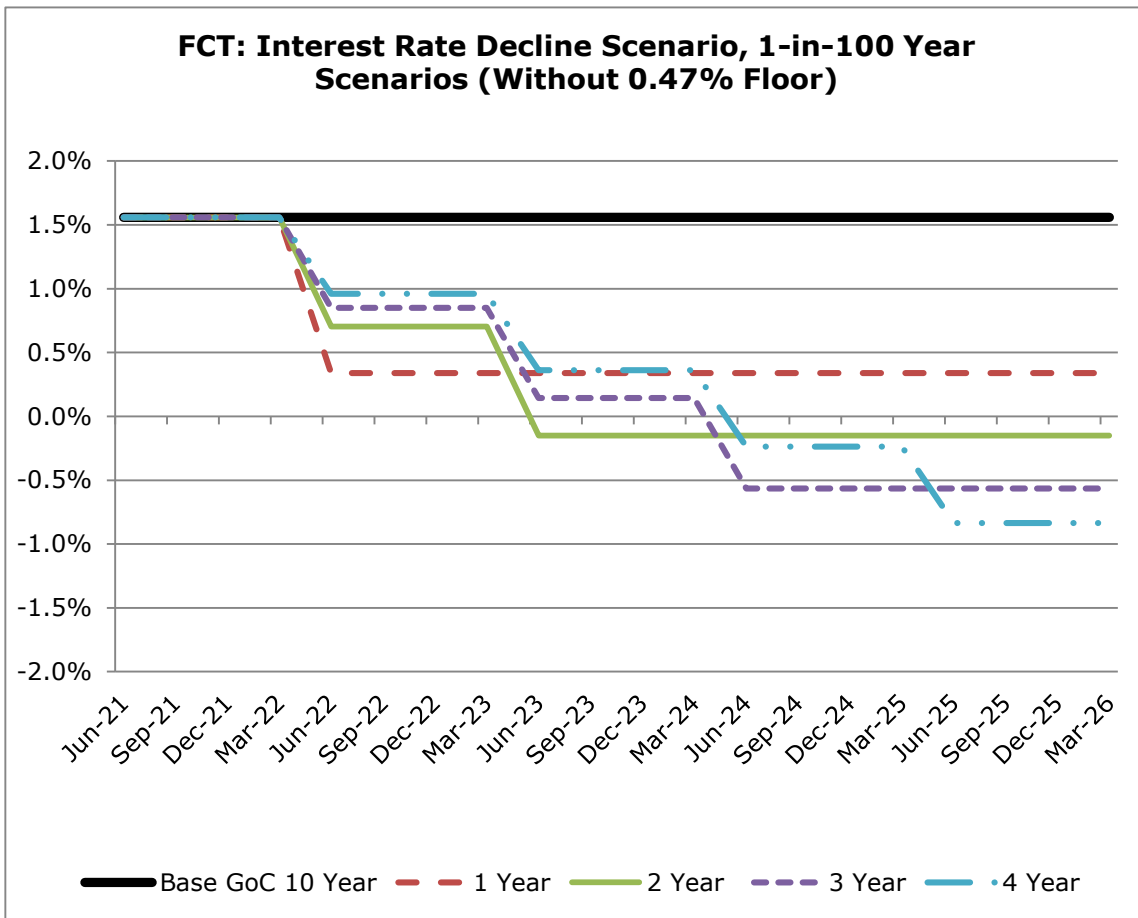
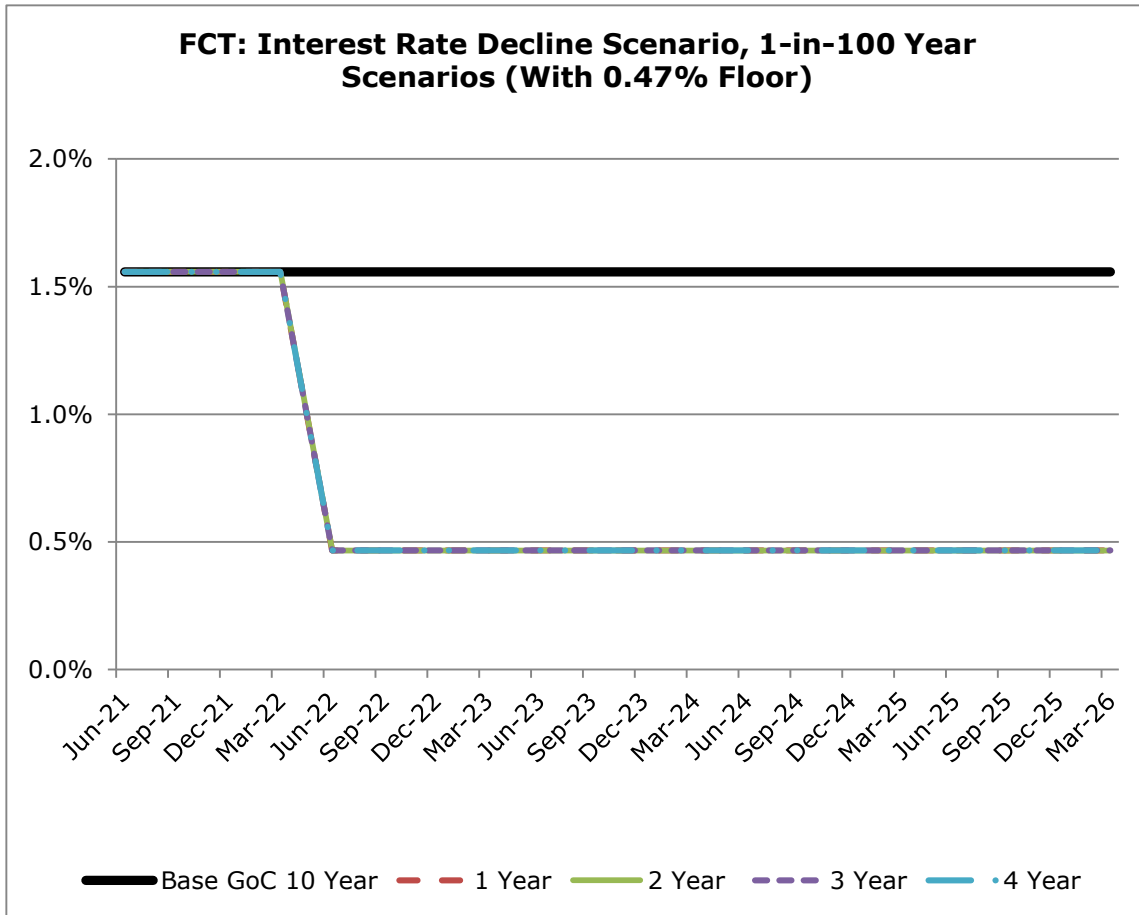


Figure FCT- 64 Interest Rate Decrease Scenario, 1-in-100 Year Scenarios (With 0.53% Floor)



1 **Results**

2 The figures below show the projected Total Equity and MCT ratios for each of the  
 3 Interest Rate Decrease scenarios described above. The results are shown without  
 4 management action.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 65 Total Equity - Interest Rate Decrease Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$453			
3	1-in-40	1 year + base	\$453			
4	1-in-20	1 year + base	\$453			
5	1-in-10	1 year + base	\$453			
6	1-in-100	2 year + base	\$453	\$470		
7	1-in-40	2 year + base	\$453	\$470		
8	1-in-20	2 year + base	\$453	\$470		
9	1-in-10	2 year + base	\$476	\$481		
10	1-in-100	3 year + base	\$453	\$470	\$498	
11	1-in-40	3 year + base	\$453	\$470	\$498	
12	1-in-20	3 year + base	\$459	\$472	\$498	
13	1-in-10	3 year + base	\$471	\$478	\$502	
14	1-in-100	4 year + base	\$453	\$470	\$498	\$516
15	1-in-40	4 year + base	\$462	\$473	\$499	\$517
16	1-in-20	4 year + base	\$469	\$477	\$501	\$521
17	1-in-10	4 year + base	\$476	\$481	\$505	\$525
18	Base		\$502	\$563	\$625	\$690
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$48)			
21	1-in-100, 2 year		(\$48)	(\$92)		
22	1-in-100, 3 year		(\$48)	(\$92)	(\$127)	
23	1-in-100, 4 year		(\$48)	(\$92)	(\$127)	(\$174)

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 66 Minimum Capital Test Ratio - Interest Rate Decrease Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	1-in-100	1 year + base	79.7%			
2	1-in-40	1 year + base	79.7%			
3	1-in-20	1 year + base	79.7%			
4	1-in-10	1 year + base	79.7%			
5	1-in-100	2 year + base	79.7%	84.6%		
6	1-in-40	2 year + base	79.7%	84.6%		
7	1-in-20	2 year + base	79.7%	84.6%		
8	1-in-10	2 year + base	84.4%	84.0%		
9	1-in-100	3 year + base	79.7%	84.6%	89.0%	
10	1-in-40	3 year + base	79.7%	84.6%	89.0%	
11	1-in-20	3 year + base	81.8%	84.3%	89.1%	
12	1-in-10	3 year + base	87.1%	83.9%	89.6%	
13	1-in-100	4 year + base	79.7%	84.6%	89.0%	89.8%
14	1-in-40	4 year + base	83.1%	84.1%	89.1%	90.4%
15	1-in-20	4 year + base	86.1%	83.9%	89.5%	90.9%
16	1-in-10	4 year + base	89.3%	84.0%	90.0%	91.7%
17	<b>Base</b>		101.5%	109.2%	119.1%	128.0%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-21.8%			
20	1-in-100, 2 year		-21.8%	-24.7%		
21	1-in-100, 3 year		-21.8%	-24.7%	-30.1%	
22	1-in-100, 4 year		-21.8%	-24.7%	-30.1%	-38.2%

1 **Solvency Scenarios**

2 Based on the above results, the most significant solvency scenarios (relative to the  
3 base forecast) are the four year scenarios. However, Total Equity for all solvency  
4 scenarios before management action remains significantly above zero.

5 MPI selected the four-year scenario at the 1-in-100 year level for modeling purposes.  
6 The results for this scenario, with and without management action, are shown in the  
7 figures below and in Appendix 6.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 67 Interest Rate Decrease Solvency Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,289	\$1,153	\$1,186	\$1,226
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$179
5	<b>Investment Income</b>	\$101	\$316	\$105	\$88	\$74
6	<b>Net Income</b>	\$20	\$9	(\$20)	(\$30)	(\$42)
7	<b>Retained Earnings</b>	\$469	\$517	\$544	\$567	\$579
8	<b>AOCI</b>	(\$14)	(\$64)	(\$73)	(\$69)	(\$62)
9	<b>Total Equity</b>	\$455	\$453	\$470	\$498	\$516
10	<b>MCT Ratio</b>	100.00%	79.68%	84.58%	89.00%	89.78%

**Figure FCT- 68 Interest Rate Decrease Solvency Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$212	\$33	\$19	\$16
4	<b>Expenses</b>	\$0	\$0	\$1	\$1	\$1
5	<b>Investment Income</b>	\$0	\$216	\$4	(\$14)	(\$31)
6	<b>Net Income</b>	\$0	\$4	(\$30)	(\$34)	(\$48)
7	<b>Retained Earnings</b>	\$0	\$4	(\$26)	(\$60)	(\$108)
8	<b>AOCI</b>	\$0	(\$53)	(\$67)	(\$67)	(\$66)
9	<b>Total Equity</b>	\$0	(\$48)	(\$92)	(\$127)	(\$174)
10	<b>MCT Ratio</b>	0.00%	-21.78%	-24.65%	-30.14%	-38.23%



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 69 Interest Rate Decrease Solvency Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	5.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,230	\$1,303	\$1,351
5	<b>Total Claims Costs</b>	\$1,019	\$1,289	\$1,155	\$1,186	\$1,227
6	<b>Expenses</b>	\$159	\$163	\$172	\$180	\$183
7	<b>Investment Income</b>	\$101	\$316	\$104	\$87	\$77
8	<b>Net Income</b>	\$20	\$9	\$7	\$25	\$18
9	<b>Retained Earnings</b>	\$469	\$513	\$568	\$647	\$719
10	<b>AOCI</b>	(\$14)	(\$64)	(\$73)	(\$66)	(\$58)
11	<b>Total Equity</b>	\$455	\$450	\$495	\$580	\$661
12	<b>MCT Ratio</b>	100.00%	79.01%	88.90%	103.89%	114.34%

**Figure FCT- 70 Interest Rate Decrease Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$31	\$60	\$63
5	<b>Total Claims Costs</b>	\$0	\$212	\$35	\$20	\$17
6	<b>Expenses</b>	\$0	\$0	\$2	\$5	\$5
7	<b>Investment Income</b>	\$0	\$216	\$3	(\$15)	(\$29)
8	<b>Net Income</b>	\$0	\$4	(\$3)	\$21	\$12
9	<b>Retained Earnings</b>	\$0	\$1	(\$2)	\$20	\$33
10	<b>AOCI</b>	\$0	(\$53)	(\$66)	(\$64)	(\$62)
11	<b>Total Equity</b>	\$0	(\$52)	(\$68)	(\$44)	(\$29)
12	<b>MCT Ratio</b>	0.00%	-22.45%	-20.33%	-15.25%	-13.67%

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Going Concern Scenarios**

- 1 Of the 1-in-10 year Interest Rate Decrease going concern scenarios without
- 2 management action, the one-year scenario reaches a low of 79.7% MCT. Before
- 3 application of routine management action, the Interest Rate Decrease going concern
- 4 scenario is materially above 50% MCT throughout the forecast period.

**Figure FCT- 71 Interest Rate Decrease Going Concern Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,289	\$1,153	\$1,186	\$1,226
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$179
5	<b>Investment Income</b>	\$101	\$316	\$105	\$88	\$74
6	<b>Net Income</b>	\$20	\$9	(\$20)	(\$30)	(\$42)
7	<b>Retained Earnings</b>	\$469	\$517	\$544	\$567	\$579
8	<b>AOCI</b>	(\$14)	(\$64)	(\$73)	(\$69)	(\$62)
9	<b>Total Equity</b>	\$455	\$453	\$470	\$498	\$516
10	<b>MCT Ratio</b>	100.01%	79.68%	84.58%	89.00%	89.78%

**Figure FCT- 72 Interest Rate Decrease Going Concern Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$212	\$33	\$19	\$16
4	<b>Expenses</b>	\$0	\$0	\$1	\$1	\$1
5	<b>Investment Income</b>	\$0	\$216	\$4	(\$14)	(\$31)
6	<b>Net Income</b>	\$0	\$4	(\$30)	(\$34)	(\$48)
7	<b>Retained Earnings</b>	\$0	\$4	(\$26)	(\$60)	(\$108)
8	<b>AOCI</b>	\$0	(\$53)	(\$67)	(\$67)	(\$66)
9	<b>Total Equity</b>	\$0	(\$48)	(\$92)	(\$127)	(\$174)
10	<b>MCT Ratio</b>	0.00%	-21.78%	-24.65%	-30.14%	-38.23%

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 73 Interest Rate Decrease Going Concern Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
5	<b>Total Claims Costs</b>	\$1,019	\$1,289	\$1,153	\$1,186	\$1,226
6	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$179
7	<b>Investment Income</b>	\$101	\$316	\$105	\$88	\$74
8	<b>Net Income</b>	\$20	\$9	(\$20)	(\$30)	(\$42)
9	<b>Retained Earnings</b>	\$469	\$513	\$541	\$565	\$577
10	<b>AOCI</b>	(\$14)	(\$64)	(\$74)	(\$70)	(\$63)
11	<b>Total Equity</b>	\$455	\$450	\$467	\$495	\$514
12	<b>MCT Ratio</b>	100.00%	79.01%	83.97%	88.55%	89.44%

**Figure FCT- 74 Interest Rate Decrease Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	0.0%	0.0%	0.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
5	<b>Total Claims Costs</b>	\$0	\$212	\$33	\$19	\$16
6	<b>Expenses</b>	\$0	\$0	\$1	\$1	\$1
7	<b>Investment Income</b>	\$0	\$216	\$4	(\$15)	(\$31)
8	<b>Net Income</b>	\$0	\$4	(\$30)	(\$34)	(\$48)
9	<b>Retained Earnings</b>	\$0	\$1	(\$29)	(\$62)	(\$110)
10	<b>AOCI</b>	\$0	(\$53)	(\$67)	(\$67)	(\$66)
11	<b>Total Equity</b>	\$0	(\$52)	(\$96)	(\$130)	(\$176)
12	<b>MCT Ratio</b>	0.00%	-22.45%	-25.26%	-30.59%	-38.57%

## FCT.5.8 Combined Scenario: Equity Returns, High Loss Ratio, Policy Liabilities, and Interest Rates

### 1 Scenario Description

2 MPI experiences a significant deterioration in its financial condition as a result of the  
3 combined impacts of equity returns, interest rates, claims experience, corporate  
4 bonds, and policy liability underestimation.

### 5 Ripple Effects

6 The ripple effects are as described in the applicable single-risk scenarios in this report.

### 7 Changes from Last Year's FCT Report

8 This scenario now includes the impact of policy liability misestimation. Also, the  
9 number of simulations was increased from 1,000 to 5,000. This change was made to  
10 increase the number of appropriate scenarios to selected from in a given probability  
11 level. The scenario also reflects all other changes made to the single-risk scenarios  
12 described in this report.

### 13 Scenario Justification

#### 14 *Integrated Scenario*

15 An integrated scenario is a type of adverse scenario that results when two or more  
16 adverse scenarios are combined. The adverse scenarios to be combined may be based  
17 on correlated or uncorrelated risk factors but the resulting integrated scenario would  
18 be realistic and plausible at the same probability levels of the single-risk adverse  
19 scenarios.

20 The simulation assumes that undiscounted claims costs are independent of interest  
21 rates, corporate bonds, and equity returns, while misestimation of policy liabilities are  
22 assumed to be independent of current accident year claims costs.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

- 1 For interest rates and equity returns, the correlation coefficients between these two  
2 variables are shown in the figure below.

**Figure FCT- 75 Correlation between Equity Returns and Interest Rate Movements**

Line No.	Return Period	Canadian Equities	Global Equities	Global Low Volatility Equities
1	1-Year	(0.10)	(0.23)	(0.28)
2	2-Year	0.05	(0.25)	(0.24)
3	3-Year	0.05	(0.31)	(0.29)
4	4-Year	0.07	(0.31)	(0.31)

- 3 The interest rate 'floor' methodology (as described in the Interest Rate Decline  
4 section) was again used when modeling interest rates.

5 *Overall Results*

- 6 To produce the combined scenario model, 5,000 simulations were conducted for each  
7 return period using the following process:

- 8 • Simulate undiscounted claims costs for the given return period.
- 9 • Simulate the combined equity returns, corporate bond default impacts, and  
10 interest rates for the given return period.
- 11 • Simulate policy liability misestimation impacts for the given return period.
- 12 • Run the simulated scenarios through the financial model to determine the full  
13 financial impact, including all applicable financial adjustments.
- 14 • Calculate the financial impact (relative to base) over the return period for Total  
15 Equity.
- 16 • Order the scenarios from most unfavourable to most favourable financial  
17 impacts and select the 1<sup>st</sup>, 2.5<sup>th</sup>, 5<sup>th</sup>, and 10<sup>th</sup> percentiles.

18 **Results**

- 19 The figures below summarize the Total Equity and MCT ratio projections for the  
20 Combined Scenarios without management action.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 76 Total Equity - Combined Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	1-in-100	1 year + base	\$257			
3	1-in-40	1 year + base	\$296			
4	1-in-20	1 year + base	\$339			
5	1-in-10	1 year + base	\$381			
6	1-in-100	2 year + base	\$411	\$153		
7	1-in-40	2 year + base	\$337	\$226		
8	1-in-20	2 year + base	\$356	\$291		
9	1-in-10	2 year + base	\$484	\$427		
10	1-in-100	3 year + base	\$238	\$59	\$55	
11	1-in-40	3 year + base	\$329	\$109	\$181	
12	1-in-20	3 year + base	\$366	\$295	\$266	
13	1-in-10	3 year + base	\$387	\$344	\$338	
14	1-in-100	4 year + base	\$369	\$247	\$141	\$22
15	1-in-40	4 year + base	\$373	\$359	\$242	\$154
16	1-in-20	4 year + base	\$428	\$374	\$371	\$240
17	1-in-10	4 year + base	\$484	\$427	\$385	\$338
18	<b>Base</b>		\$502	\$563	\$625	\$690
19	<b>Difference from Base</b>					
20	1-in-100, 1 year		(\$245)			
21	1-in-100, 2 year		(\$91)	(\$410)		
22	1-in-100, 3 year		(\$264)	(\$504)	(\$570)	
23	1-in-100, 4 year		(\$133)	(\$315)	(\$483)	(\$667)

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 77 Minimum Capital Test Ratio - Combined Scenario without Management Action**

Line No.	Probability	Return Period	2022/23	2023/24	2024/25	2025/26
1	1-in-100	1 year + base	43.6%			
2	1-in-40	1 year + base	52.4%			
3	1-in-20	1 year + base	64.6%			
4	1-in-10	1 year + base	69.6%			
5	1-in-100	2 year + base	75.1%	20.1%		
6	1-in-40	2 year + base	62.9%	37.0%		
7	1-in-20	2 year + base	65.1%	49.3%		
8	1-in-10	2 year + base	66.8%	65.8%		
9	1-in-100	3 year + base	38.7%	1.3%	2.9%	
10	1-in-40	3 year + base	55.5%	11.3%	30.1%	
11	1-in-20	3 year + base	69.3%	53.0%	48.4%	
12	1-in-10	3 year + base	71.2%	59.4%	58.0%	
13	1-in-100	4 year + base	69.8%	40.7%	20.4%	-2.0%
14	1-in-40	4 year + base	70.0%	66.2%	39.9%	24.1%
15	1-in-20	4 year + base	82.9%	67.4%	67.9%	39.5%
16	1-in-10	4 year + base	95.4%	75.9%	66.5%	57.3%
17	Base		101.5%	109.2%	119.1%	128.0%
18	<b>Difference from Base</b>					
19	1-in-100, 1 year		-57.8%			
20	1-in-100, 2 year		-26.3%	-89.2%		
21	1-in-100, 3 year		-62.8%	-108.0%	-116.3%	
22	1-in-100, 4 year		-31.6%	-68.5%	-98.7%	-130.0%

1 **Solvency Scenarios**

2 Based on the above, MPI selected the four-year, 1-in-100 year scenario for financial  
3 modeling purposes. For comparative purposes, the table below shows how the  
4 assumptions of the selected combined scenario (scenario #1) compares to the  
5 assumption of two other 1-in-100 year solvency scenarios that were simulated by the  
6 model.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 78 Selected 1-in-100 Year Combined Scenario Assumptions**

Line No.		Base	Scenario #1	Scenario #2	Scenario #3
1	<i>(in millions)</i>				
2	Ultimate Claims	\$3,509	\$3,708	\$3,943	\$3,674
3	Policy Liability Adjustment	\$0	\$180	\$69	\$116
4	Canadian Equity Total Return	26.40%	12.30%	40.64%	4.95%
5	Global Equity Total Return	26.40%	-10.55%	9.29%	-10.88%
6	Global Low Volatility Total Return	24.00%	2.65%	12.01%	-7.25%
7	Corporate Bond Default Rate	0.00%	0.00%	21.10%	1.40%
8	Interest Rate Decline	0 bps	-44 bps	-52 bps	-194 bps

- 1 The results for the selected combined solvency scenarios with and without
- 2 management action are shown in the figures below and in [Appendix 2](#).

**Figure FCT- 79 Combined Solvency Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Earned Revenues	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	Total Claims Costs	\$1,019	\$1,198	\$1,286	\$1,317	\$1,374
4	Expenses	\$159	\$163	\$170	\$175	\$179
5	Investment Income	\$101	\$115	\$115	\$110	\$104
6	Net Income	\$20	(\$100)	(\$142)	(\$139)	(\$160)
7	Retained Earnings	\$469	\$408	\$312	\$226	\$120
8	AOCI	(\$14)	(\$39)	(\$65)	(\$85)	(\$97)
9	Total Equity	\$455	\$369	\$247	\$141	\$22
10	MCT Ratio	100.00%	69.83%	40.74%	20.40%	-2.00%



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 80 Combined Solvency Scenario without Management Action -  
Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$120	\$166	\$150	\$164
4	<b>Expenses</b>	\$0	\$0	\$0	\$1	\$1
5	<b>Investment Income</b>	\$0	\$15	\$14	\$7	(\$2)
6	<b>Net Income</b>	\$0	(\$105)	(\$153)	(\$143)	(\$166)
7	<b>Retained Earnings</b>	\$0	(\$105)	(\$257)	(\$401)	(\$567)
8	<b>AOCI</b>	\$0	(\$28)	(\$58)	(\$83)	(\$101)
9	<b>Total Equity</b>	\$0	(\$133)	(\$315)	(\$483)	(\$667)
10	<b>MCT Ratio</b>	0.00%	-31.63%	-68.49%	-98.74%	-130.01%

**Figure FCT- 81 Combined Solvency Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,230	\$1,337	\$1,454
5	<b>Total Claims Costs</b>	\$1,019	\$1,198	\$1,288	\$1,318	\$1,375
6	<b>Expenses</b>	\$159	\$163	\$172	\$182	\$190
7	<b>Investment Income</b>	\$101	\$115	\$114	\$110	\$105
8	<b>Net Income</b>	\$20	(\$100)	(\$115)	(\$52)	(\$6)
9	<b>Retained Earnings</b>	\$469	\$394	\$320	\$309	\$335
10	<b>AOCI</b>	(\$14)	(\$39)	(\$65)	(\$83)	(\$94)
11	<b>Total Equity</b>	\$455	\$354	\$256	\$225	\$242
12	<b>MCT Ratio</b>	100.00%	66.85%	42.26%	37.02%	39.82%

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 82 Combined Solvency Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	5.0%	5.0%	5.0%
4	<b>Earned Revenues</b>	\$0	\$0	\$31	\$94	\$165
5	<b>Total Claims Costs</b>	\$0	\$120	\$168	\$151	\$165
6	<b>Expenses</b>	\$0	\$0	\$2	\$7	\$12
7	<b>Investment Income</b>	\$0	\$16	\$13	\$8	\$0
8	<b>Net Income</b>	\$0	(\$105)	(\$125)	(\$56)	(\$12)
9	<b>Retained Earnings</b>	\$0	(\$119)	(\$249)	(\$318)	(\$351)
10	<b>AOCI</b>	\$0	(\$28)	(\$58)	(\$81)	(\$97)
11	<b>Total Equity</b>	\$0	(\$147)	(\$307)	(\$399)	(\$448)
12	<b>MCT Ratio</b>	0.00%	-34.61%	-66.97%	-82.12%	-88.19%

- 1 Without any management action, the combined solvency scenario reduces the MCT by  
 2 130% from the base forecast and causes Total Equity to fall to \$22 million by the end  
 3 of the four year forecast period. However, with routine management action at the  
 4 assumed maximum of 5% capital build per year beginning with 2023/24 policies, the  
 5 MCT and Total Equity remains significantly above zero over the forecast period.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

1 **Going Concern Scenarios**

2 Of the 1-in-10 year combined going concern scenarios without management action,  
3 the four-year scenario reaches a low of 57.3% MCT. Since this result is materially  
4 close the 50% minimum MCT required by the CMP, MPI has provided additional  
5 modeling output below. Before application of routine management action, the  
6 combined going concern scenario is materially above 50% MCT throughout the  
7 forecast period.

**Figure FCT- 83 Combined Going Concern Scenario without Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,199	\$1,243	\$1,289
3	<b>Total Claims Costs</b>	\$1,019	\$1,121	\$1,263	\$1,293	\$1,307
4	<b>Expenses</b>	\$159	\$163	\$170	\$175	\$179
5	<b>Investment Income</b>	\$101	\$157	\$156	\$161	\$114
6	<b>Net Income</b>	\$20	\$19	(\$78)	(\$65)	(\$84)
7	<b>Retained Earnings</b>	\$469	\$527	\$495	\$484	\$454
8	<b>AOCI</b>	(\$14)	(\$42)	(\$69)	(\$98)	(\$116)
9	<b>Total Equity</b>	\$455	\$484	\$427	\$385	\$338
10	<b>MCT Ratio</b>	100.00%	95.39%	75.88%	66.51%	57.26%

**Figure FCT- 84 Combined Going Concern Scenario without Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Earned Revenues</b>	\$0	\$0	\$0	\$0	\$0
3	<b>Total Claims Costs</b>	\$0	\$44	\$143	\$126	\$97
4	<b>Expenses</b>	\$0	\$0	\$0	\$1	\$1
5	<b>Investment Income</b>	\$0	\$58	\$55	\$58	\$8
6	<b>Net Income</b>	\$0	\$14	(\$88)	(\$69)	(\$90)
7	<b>Retained Earnings</b>	\$0	\$14	(\$74)	(\$143)	(\$233)
8	<b>AOCI</b>	\$0	(\$31)	(\$62)	(\$96)	(\$119)
9	<b>Total Equity</b>	\$0	(\$17)	(\$136)	(\$239)	(\$352)
10	<b>MCT Ratio</b>	0.00%	-6.07%	-33.35%	-52.63%	-70.75%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 85 Combined Going Concern Scenario with Management Action**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	-3.8%	-2.8%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	-5.0%	0.0%	2.2%	5.0%	3.5%
4	<b>Earned Revenues</b>	\$1,145	\$1,145	\$1,213	\$1,302	\$1,405
5	<b>Total Claims Costs</b>	\$1,019	\$1,121	\$1,264	\$1,295	\$1,307
6	<b>Expenses</b>	\$159	\$163	\$171	\$179	\$186
7	<b>Investment Income</b>	\$101	\$158	\$156	\$160	\$113
8	<b>Net Income</b>	\$20	\$19	(\$67)	(\$11)	\$24
9	<b>Retained Earnings</b>	\$469	\$514	\$493	\$529	\$601
10	<b>AOCI</b>	(\$14)	(\$43)	(\$69)	(\$97)	(\$112)
11	<b>Total Equity</b>	\$455	\$472	\$423	\$432	\$488
12	<b>MCT Ratio</b>	100.00%	92.83%	75.32%	74.74%	82.59%

**Figure FCT- 86 Combined Going Concern Scenario with Management Action - Difference from Base Forecast**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>AAP Rate</b>	0.0%	0.0%	0.0%	0.0%	0.0%
3	<b>Capital Build Provision</b>	0.0%	0.0%	2.2%	5.0%	3.5%
4	<b>Earned Revenues</b>	\$0	\$0	\$13	\$59	\$116
5	<b>Total Claims Costs</b>	\$0	\$44	\$144	\$128	\$97
6	<b>Expenses</b>	\$0	\$0	\$1	\$4	\$8
7	<b>Investment Income</b>	\$0	\$58	\$55	\$58	\$8
8	<b>Net Income</b>	\$0	\$14	(\$77)	(\$16)	\$18
9	<b>Retained Earnings</b>	\$0	\$2	(\$77)	(\$98)	(\$86)
10	<b>AOCI</b>	\$0	(\$32)	(\$62)	(\$95)	(\$116)
11	<b>Total Equity</b>	\$0	(\$30)	(\$139)	(\$193)	(\$201)
12	<b>MCT Ratio</b>	0.00%	-8.63%	-33.91%	-44.40%	-45.42%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

## FCT.5.9 Sensitivity of Removing Assumed Capital Transfers from Extension

1 As part of the MPI CMP, the Basic base scenario includes assumed capital transfers  
2 from Extension at the end of each fiscal year. The assumed capital transfers in the  
3 base scenario are shown in the figure below.

**Figure FCT- 87 Assumed Capital Transfers**

Line No.		2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	<b>Capital Transfers</b>	\$53	\$39	\$47	\$53	\$54

4 Given the magnitude of the assumed capital transfers, it is necessary to test the  
5 sensitivity to Basic's future financial condition if the assumed transfers do not occur.  
6 Since Basic cannot transfer capital to Extension, the worst case scenario for Basic is  
7 that it receives no capital transfers from Extension over the entire forecast period. If  
8 Basic continues to have satisfactory future financial condition under these conditions,  
9 then it will also have satisfactory future financial condition for any amount transferred  
10 from Extension.

11 In this section MPI has assumed that all other aspects of the CMP (i.e. AAP rates,  
12 capital build provisions, 100% MCT for Basic, etc.) will remain unchanged.

### 13 **Solvency Scenarios**

14 The figures below show the total equity and MCT ratio for the base scenario and for  
15 the four main solvency scenarios excluding assumed capital transfers from Extension.  
16 The scenarios include management action.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

**Figure FCT- 88 Solvency Scenarios excluding Capital Transfers: Total Equity**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Combined Scenario (4-Year)	\$455	\$330	\$189	\$116	\$99
3	High Loss Ratio (4-Year)	\$455	\$450	\$404	\$116	\$225
4	Policy Liabilities (4-Year)	\$455	\$396	\$366	\$350	\$365
5	Equity Decline (4-Year)	\$455	\$415	\$396	\$393	\$409
6	Interest Rate Decrease (4-Year)	\$455	\$414	\$411	\$439	\$460

**Figure FCT- 89 Solvency Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	Combined Scenario (4-Year)	100.00%	61.67%	28.67%	15.31%	12.90%
2	High Loss Ratio (4-Year)	100.00%	90.18%	75.45%	14.67%	39.92%
3	Policy Liabilities (4-Year)	100.00%	76.68%	67.23%	63.50%	65.32%
4	Equity Decline (4-Year)	100.00%	84.16%	77.06%	77.31%	77.94%
5	Interest Rate Decrease (4-Year)	100.00%	72.42%	73.12%	78.62%	80.58%

- 1 Based on the above results *excluding* Extension capital transfers, all solvency  
2 scenarios maintain a positive total equity balance at the 1-in-100 year probability  
3 level. These scenarios also only include *routine* management action.

4 **Going Concern Scenarios**

- 5 The figures below shows the total equity and MCT ratio for the base scenario and for  
6 the four main going concern scenarios excluding assumed capital transfers from  
7 Extension. The scenarios exclude management action.

**Figure FCT- 90 Going Concern Scenarios excluding Capital Transfers: Total Equity**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	<i>(in millions)</i>					
2	Combined Scenario (4-Year)	\$455	\$445	\$339	\$242	\$137
3	High Loss Ratio (4-Year)	\$455	\$386	\$367	\$285	\$214
4	Policy Liabilities (1-Year)	\$455	\$386	\$394	\$400	\$403
5	Equity Decline (1-Year)	\$455	\$412	\$421	\$423	\$424
6	Interest Rate Decline (1-Year)	\$455	\$414	\$383	\$354	\$314

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test**

**Figure FCT- 91    Going Concern Scenarios excluding Capital Transfers: Minimum Capital Test Ratio**

Line No.	Scenario	2021/22	2022/23	2023/24	2024/25	2025/26
1	Combined Scenario (4-Year)	100.00%	87.43%	59.11%	39.76%	20.34%
2	High Loss Ratio (4-Year)	100.00%	75.31%	69.65%	51.07%	37.28%
3	Policy Liabilities (1-Year)	100.00%	74.22%	75.40%	76.44%	76.26%
4	Equity Decline (1-Year)	100.00%	83.36%	81.75%	81.56%	80.87%
5	Interest Rate Decline (1-Year)	100.00%	72.42%	67.98%	62.55%	54.07%

1 Based on the above results, Basic may not be able to meet the requirements of the  
2 CMP on a going concern basis (i.e. minimum 50% MCT before management action  
3 would allow for a return to a 100% MCT ratio in 5 years or less) without the assumed  
4 capital transfers from the Extension line of business. Although this scenario is not  
5 considered plausible, these results confirm that Extension transfers are a vital  
6 component of the MPI CMP. Without the assumption of capital transfers, MPI would  
7 have to revisit other assumptions of the CMP such as the annual cap of 5% on capital  
8 rebuilding fees.

## FCT.5.10 Analysis of All Property and Casualty Insurer Risk Categories

### 1 **Catastrophe**

2 MPI's major catastrophe exposure is from hail storms. The modeling of hail losses is  
3 included as part of the High Loss Ratio (Claims Incurred) scenario.

### 4 **Loss Ratio**

5 The detailed assumptions and results of this scenario are presented in FCT.5.5.

### 6 **Underestimation of Policy Liabilities Risk**

The detailed assumptions and results of this scenario are presented in FCT.5.6.

### 7 **Mortality Improvements**

8 MPI uses a disabled mortality figure based on the Canadian Institute of Actuaries July  
9 1992 research paper "Accident Benefits Long-Term Disability Losses". The historical  
10 experience of the actual versus expected claim closure rates of MPI for long-term (i.e.  
11 open more than 10 years) claimants is shown in the figure below. The results show  
12 that there has been a recent deterioration in actual termination rates relative to  
13 expected termination rates from the mortality tables. Put another way, long-term  
14 injury claims are not being closed at the rate they once were. MPI continually updates  
15 the selected loss development factors for long term claims in the Appointed Actuary's  
16 report (where at least five years of loss development experience is available), so MPI  
17 does not believe there is a risk of a sudden unexpected adverse financial impact.  
18 However, MPI should continue to closely track the termination rates of these claims.

19 In the figure below, the "number of claimants at the start of the year" represents the  
20 number of claimants that received a claim payment of any amount in the previous  
21 calendar year. A claim is then considered "closed" if there are no payments made in  
22 the current calendar year. A "relapse" means that a claimant started receiving  
23 payments in the current year after not having received payment in the prior year(s).



revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 92 Terminations for PIPP Claims Open More Than 10 Years**

Line No.	Calendar Year	# of Claimants Start of Year	Actual Terminations	Current Table Expected Terminations	Actual Termination Rate	Expected Termination Rate	Difference	Relapse
1	2004	63	7	2	11.11%	3.17%	7.94%	0
2	2005	123	16	4	13.01%	3.25%	9.76%	0
3	2006	154	18	6	11.69%	3.90%	7.79%	0
4	2007	199	18	7	9.05%	3.52%	5.53%	2
5	2008	257	13	10	5.06%	3.89%	1.17%	2
6	2009	309	22	13	7.12%	4.21%	2.91%	3
7	2010	353	15	15	4.25%	4.25%	0.00%	2
8	2011	411	25	17	6.08%	4.14%	1.95%	4
9	2012	463	18	20	3.89%	4.32%	-0.43%	1
10	2013	528	26	23	4.92%	4.36%	0.57%	4
11	2014	587	23	26	3.92%	4.43%	-0.51%	5
12	2015	633	20	30	3.16%	4.74%	-1.58%	2
13	2016	726	38	34	5.23%	4.68%	0.55%	6
14	2017	799	31	39	3.88%	4.88%	-1.00%	5
15	2018	873	39	44	4.47%	5.04%	-0.57%	7
16	2019	939	47	49	5.01%	5.22%	-0.21%	5
17	2020	995	49	53	4.92%	5.33%	-0.40%	6
18	<b>Total</b>	<b>8412</b>	<b>425</b>	<b>392</b>	<b>5.05%</b>	<b>4.66%</b>	<b>0.39%</b>	<b>54</b>

1 **Interest Rate Adjustments**

2 The detailed assumptions and results of this scenario are presented in FCT.5.7.

3 **Government and Political Action**

4 MPI assumes that it is very unlikely that government action (e.g. retroactive increase  
5 in benefits) that results in a significant impact to existing and/or future claim liabilities  
6 will be made without advance notice to MPI.

1 **Inflation Risk**

2 MPI reviewed the Canada All-Items Consumer Price Index (Canadian CPI) from the  
 3 BoC website for two different historical periods: (i) 1914 to 1991 and (ii) 1992 to 2020  
 4 (the BoC inflation targeting era). As shown in the figure below, the means and  
 5 standard deviations of year-over-year changes in Canadian CPI are significantly  
 6 different in these two periods.

**Figure FCT- 93 Canadian CPI**

Line No.	Period	Mean	Standard Deviation
1	1915-1991	3.60%	5.40%
2	1992-2020	1.75%	0.70%

7 The observed 99<sup>th</sup> percentile of 1915-1991 Canadian CPI over a one year period is  
 8 16.2%. MPI did not believe it was reasonable to consider these results in light of the  
 9 very stable inflation experience observed since 1991.

10 MPI fitted a normal distribution to the 1992-2020 data and simulated 1, 2, 3, and 4  
 11 year impacts of inflation. At the 1-in-100 level, a one-year scenario produced an  
 12 inflation of 3.4% or 1.4% higher than the forecasted long term rate of 2.0%. This  
 13 increase would be an estimated \$19 million impact to claims incurred. Similarly at the  
 14 1-in-100 level, a four-year scenario produced an inflation of 10.7% over four years or  
 15 an average of 2.6% per year. This increase would be an estimated \$35 million impact.  
 16 As such, inflation risk is not a significant risk factor.

17 **Premium Risk**

18 MPI Basic is a monopoly insurance provider of compulsory automobile insurance.  
 19 Premium risk is not a significant risk factor.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 **Reinsurance Risk**

2 As of March 31, 2021 MPI Basic had approximately \$2.1 million in ceded claim  
3 liabilities. The impact of any reinsurance risk scenario is not a top three adverse  
4 scenario for MPI.

5 **Investment Risk**

6 *Equities:* This risk was analyzed in FCT.5.4.

7 *Fixed Income:* Interest rate decrease scenarios are analyzed in FCT.5.7.

8 *Private Debt:* This risk was included with interest rate adjustments in FCT.5.7.

9 *Corporate Bonds:* MPI used 25 years of data from Moody's from 1989 to 2013 to  
10 model Canada Corporate Bond default rates. The figure below outlines the default  
11 rates by Corporate Bond level.

revised October 14, 2021  
June 28, 2021

**2022 GENERAL RATE APPLICATION**  
**Part VII – Financial Condition Test**

**Figure FCT- 94 Canadian Corporate Bond Default Rate Analysis**

Line No.	Year	Aa	A	Baa	Ba	B
1	1989	0.00%	0.00%	0.00%	0.00%	33.33%
2	1990	0.00%	0.00%	0.00%	0.00%	100.00%
3	1991	0.00%	0.00%	0.00%	0.00%	n.a.
4	1992	0.00%	0.00%	0.00%	0.00%	0.00%
5	1993	0.00%	0.00%	0.00%	0.00%	n.a.
6	1994	0.00%	0.00%	0.00%	0.00%	0.00%
7	1995	0.00%	0.00%	0.00%	10.00%	0.00%
8	1996	0.00%	0.00%	0.00%	0.00%	0.00%
9	1997	0.00%	0.00%	0.00%	0.00%	0.00%
10	1998	0.00%	0.00%	0.00%	4.35%	5.99%
11	1999	0.00%	0.00%	0.00%	3.85%	0.00%
12	2000	0.00%	0.00%	2.56%	0.00%	2.70%
13	2001	0.00%	0.00%	0.00%	0.00%	8.57%
14	2002	0.00%	0.00%	4.37%	0.00%	0.00%
15	2003	0.00%	0.00%	0.00%	0.00%	3.70%
16	2004	0.00%	0.00%	0.00%	0.00%	0.00%
17	2005	0.00%	0.00%	0.00%	0.00%	0.00%
18	2006	0.00%	0.00%	0.00%	0.00%	0.00%
19	2007	0.00%	0.00%	0.00%	0.00%	0.00%
20	2008	0.00%	0.00%	0.00%	5.26%	10.91%
21	2009	0.00%	0.00%	0.00%	0.00%	16.76%
22	2010	0.00%	0.00%	0.00%	0.00%	0.00%
23	2011	0.00%	0.00%	0.00%	0.00%	0.00%
24	2012	0.00%	0.00%	0.00%	0.00%	0.00%
25	2013	0.00%	0.00%	0.00%	0.00%	0.00%
26	minimum	0.00%	0.00%	0.00%	0.00%	0.00%
27	maximum	0.00%	0.00%	4.37%	10.00%	100.00%
28	average	0.00%	0.00%	0.28%	0.94%	7.91%

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

1 To model the financial impact of defaulting Canadian Corporate Bonds, MPI used a  
2 fitted distribution to the percentiles of the historical data plus a 99th percentile from  
3 the MCT.

**Figure FCT- 95 Fitted Canadian Corporate Bond Default Rates**

Line No.	Percentile	Fitted	Actual
1	92nd	2.58%	2.60%
2	96th	4.38%	4.40%
3	99th	5.29%	5.30%

4 If 5.29% of Canadian Corporate Bonds defaulted, the estimated losses of MPI would  
5 be approximately \$16 million. As a result, defaulting of Canadian Corporate Bonds is  
6 not a top three adverse scenario for MPI.

7 *Other Asset Categories:* There are several other asset categories included in the base  
8 forecast that were not discussed as part of an adverse scenario, such as real estate,  
9 non-marketable bonds, and infrastructure. The most significant asset class not  
10 included was MUSH, which represented 10.8% of the total portfolio on average over  
11 the forecast period. The financial impact of non-marketable MUSH bonds is limited  
12 since the asset class is held at book value on the financial statements.

13 Real estate and infrastructure are the remaining two asset classes with a 4.8% and  
14 3.2% of the total portfolio on average over the forecast period. Real estate and  
15 infrastructure are expected to provide diversification to the total portfolio and have  
16 limited exposure in the total portfolio.

17 **Off-Balance Sheet Risk**

18 None of the following off-balance sheet items were determined to be top 3 risk factors  
19 for MPI Basic:

- 20 • Structured settlements
- 21 • Contingent liabilities or losses
- 22 • Derivative instruments

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

- 1       • Pension underfunding – Pension assets are now modeled as part of a  
2           segregated pension investment portfolio. Pension liabilities are modeled for  
3           interest rate changes.

#### 4   **Related Company Risk**

5   Basic and Extension insurance are part of the same corporate financial model. As a  
6   result, the adverse scenarios modeled for Basic will automatically impact Extension  
7   financial outcomes. For example, if an equity decline scenario occurs, both Basic and  
8   Extension equity portfolios will be impacted, and Extension would have less excess  
9   capital to transfer to Basic. Similarly, interest rates, collision frequency, and  
10   comprehensive frequency are directly linked between Basic and Extension.

11   The risk to Basic from the elimination of assumed capital transfers from Extension is  
12   discussed in section FCT.5.9.

#### 13   **International Financial Reporting Standards**

14   In May 2017, the International Accounting Standards Board issued IFRS 17 on the  
15   accounting for insurance contracts. In March 2020, the changes under IFRS 17 were  
16   delayed an additional year and are now effective for periods beginning on or after  
17   January 1, 2023, which is the fiscal year 2023/24 for MPI with retroactive restatement  
18   of the 2022/23 fiscal year. MPI has not modeled any of the anticipated changes from  
19   IFRS 17 in the financial model used for this FCT analysis.

20   From a FCT perspective, the most significant financial risk from IFRS 17 is from  
21   changes in the discounting of policy liabilities. Currently, the policy liabilities are  
22   discounted based on the assets backing the liabilities (MPI uses fixed income assets  
23   for this purpose) plus a Provision for Adverse Deviation (PfAD) on the assumed  
24   investment return. However, under IFRS 17 the liabilities will be discounted using a  
25   risk-free rate plus a liquidity premium. The provision for adverse deviation will be  
26   removed and replaced with a risk adjustment under IFRS 17.

revised October 14, 2021  
June 28, 2021

2022 GENERAL RATE APPLICATION  
Part VII – Financial Condition Test

---

1 The August 2020 Draft Educational Note from the Canadian Institute of Actuaries  
2 (CIA) on IFRS 17 discount rates indicates that an appropriate reference curve for  
3 illiquid insurance contract liabilities is:

4 *Illiquid Curve: Risk-free rate + 0.50% + 75% of Canadian investment grade bonds*  
5 *spread*

6 In addition to the discount rate assumption, Basic policy liabilities currently carry a 50  
7 basis point provision for adverse deviation (PfAD) on the assumed discount rate. It is  
8 anticipated that this provision will be eliminated and replaced with a smaller risk  
9 adjustment under IFRS 17. Based on the estimated IFRS 17 impact to the discount  
10 rate and the PfAD, MPI does not anticipate any significant adverse financial impact to  
11 Basic as a result of the IFRS 17 discount rate methodology.

12 At this time, MPI is not aware how the MCT calculation will be impacted from the  
13 transition to IFRS 17. Since the MCT ratio is an important part of the CMP, MPI should  
14 monitor developments in this area closely.

## Appendix 1a

### Base Scenario with -2.82% Rate Change

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,044
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,466</b>	<b>1,243,011</b>	<b>1,288,589</b>
Claims Incurred	620,145	839,934	904,591	941,024	980,586	1,023,972
DPAC \ Premium Deficiency Adjustment	(10,511)	3,432	302	3,362	10,711	6,873
(a) Claims Incurred - Interest Rate Impact	44,194	12,477	11,681	11,753	10,044	10,122
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,843</b>	<b>916,574</b>	<b>956,139</b>	<b>1,001,341</b>	<b>1,040,967</b>
Claims Expense	141,720	149,509	147,719	151,167	152,772	156,205
Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,800
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,601</b>	<b>1,077,363</b>	<b>1,120,240</b>	<b>1,166,711</b>	<b>1,209,972</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,141	79,099	80,894
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>169,973</b>	<b>174,745</b>	<b>177,927</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,235)</b>	<b>(95,101)</b>	<b>(90,747)</b>	<b>(98,445)</b>	<b>(99,310)</b>
<b>Investment Income</b>	88,878	100,008	99,241	101,041	102,664	105,330
(b) Investment Income - Interest Rate Impact	650	541	483	(9)	(10)	(11)
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>99,724</b>	<b>101,032</b>	<b>102,654</b>	<b>105,319</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,314</b>	<b>4,623</b>	<b>10,285</b>	<b>4,209</b>	<b>6,009</b>
<b>Premium Rebate</b>	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>19,984</b>	<b>4,623</b>	<b>10,285</b>	<b>4,209</b>	<b>6,009</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,936)	(11,198)	(11,762)	(10,054)	(10,133)



## Appendix 1b

### Base Scenario with -2.82% Rate Change

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,897	3,095,249	3,270,988	3,470,325	3,673,482
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,602	31,200	31,055	20,981	14,918
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,469</b>	<b>3,832,436</b>	<b>4,023,323</b>	<b>4,211,140</b>	<b>4,407,091</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,130,035	2,226,924	2,319,124	2,410,671	2,504,099
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,699</b>	<b>3,330,796</b>	<b>3,460,602</b>	<b>3,586,484</b>	<b>3,717,273</b>
<b>Equity</b>						
Retained earnings	448,678	468,662	512,586	569,552	626,782	686,587
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,947)	(6,831)	(2,125)	3,231
<b>Total Equity</b>	<b>433,977</b>	<b>454,768</b>	<b>501,639</b>	<b>562,721</b>	<b>624,657</b>	<b>689,818</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,467</b>	<b>3,832,435</b>	<b>4,023,323</b>	<b>4,211,141</b>	<b>4,407,091</b>

**Appendix 1c**  
**Base Scenario with -2.82% Rate Change**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,662	512,586	569,552	626,782
Net Income (Loss) from annual operations	290,782	67,314	4,623	10,285	4,209	6,009
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,662</b>	<b>512,586</b>	<b>569,552</b>	<b>626,782</b>	<b>686,587</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(10,947)	(6,831)	(2,125)
Other Comprehensive Income for the Year	53,984	807	2,947	4,116	4,706	5,356
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(10,947)</b>	<b>(6,831)</b>	<b>(2,125)</b>	<b>3,231</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,768</b>	<b>501,639</b>	<b>562,721</b>	<b>624,657</b>	<b>689,818</b>

**Appendix 1d**  
**Base Scenario with -2.82% Rate Change**  
**Minimum Capital Test**

(C\$ 000s, rounding may affect totals)

		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,756	450,514	509,785	582,518	657,340
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,756</b>	<b>450,514</b>	<b>509,785</b>	<b>582,518</b>	<b>657,340</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
<b>Insurance Risk:</b>						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,988	231,370	240,999	250,550	260,305
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,871	337,359	350,870	364,372	378,213
<b>Market Risk:</b>						
Interest rate risk	30	41,461	44,867	44,235	41,435	38,576
Foreign exchange risk	32	33,970	39,530	43,047	46,896	53,421
Equity risk	34	131,209	146,962	160,246	174,786	189,995
Real estate risk	36	39,855	42,818	44,872	46,583	48,238
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,495	274,177	292,400	309,700	330,230
<b>Credit Risk:</b>						
Counterparty default risk for balance sheet assets	40	52,481	57,417	60,298	63,433	66,625
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,668	61,541	64,670	67,854
Operational risk margin	50	79,814	85,655	89,654	93,614	97,920
Less: Diversification credit	52	83,113	89,786	94,425	98,953	103,931
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,806</b>	<b>666,073</b>	<b>700,040</b>	<b>733,403</b>	<b>770,286</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,871	444,048	466,693	488,935	513,524
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,871</b>	<b>444,048</b>	<b>466,693</b>	<b>488,935</b>	<b>513,524</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(115)</b>	<b>6,466</b>	<b>43,092</b>	<b>93,583</b>	<b>143,816</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>99.97%</b>	<b>101.46%</b>	<b>109.23%</b>	<b>119.14%</b>	<b>128.01%</b>

**Appendix 1e**  
**Base Scenario with -2.82% Rate Change**  
**Net Claims Incurred Summary**

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	468,504	490,491	513,733	537,870
Comprehensive	83,920	100,783	97,097	102,078	107,242	112,608
Property Damage	29,909	39,154	42,601	42,833	43,089	43,341
Public Liability - BI	4,954	6,136	7,014	7,321	7,616	7,922
PIPP	203,179	235,034	256,619	264,822	271,980	280,826
<b>Total</b>	<b>635,518</b>	<b>810,272</b>	<b>871,836</b>	<b>907,545</b>	<b>943,660</b>	<b>982,567</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,437	11,202	10,295	9,890	10,024
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,432	302	3,362	10,711	6,873
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,844</b>	<b>916,574</b>	<b>956,139</b>	<b>1,001,342</b>	<b>1,040,968</b>

**Appendix 1f**  
**Base Scenario with -2.82% Rate Change**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected	
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc	
											Accident Year		
											2020	2021	
											2022	2023	
											2024	2025	
											2016	2017	
											2018	2019	
											2020	2021	
											2022	2023	
											2024	2025	
1. Ultimate Loss Ratio - Total All Coverage													
2. Trend/Rate Adjustment for Fiscal Year													
2020	0.8669	0.9002	0.9426	0.9720	0.9837								
2021		0.9816	1.0271	1.0583	1.0702	1.0459							
2022			1.0243	1.0558	1.0680	1.0441	1.0020						
2023				1.0529	1.0621	1.0355	0.9910	0.9995					
2024					1.0659	1.0357	0.9880	0.9931	1.0024				
2025						1.0171	0.9721	0.9791	0.9901	1.0009			
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]													
2020	72.20%	67.79%	66.93%	64.62%	51.61%							66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%						71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%					71.18%	76.26%
2023				70.00%	55.72%	70.03%	73.85%	75.21%				71.29%	76.48%
2024					55.92%	70.04%	73.62%	74.73%	75.85%			72.79%	78.17%
2025						68.78%	72.44%	73.67%	74.93%	76.19%		73.68%	79.20%

B. Actual Data Other Than Losses												
											Fiscal Year	
											2020	2021
											2022	2023
											2024	2025
											2016	2017
											2018	2019
											2020	2021
											2022	2023
											2024	2025
<i>(C\$ 000s, rounding may affect totals)</i>												
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.46%	8.22%	8.10%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.74%	2.70%		
Selected					2.53%	2.67%	2.83%	2.84%	2.78%	2.72%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		

C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,767	412,385	428,809	454,171	476,768		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,952	15,195	15,795	16,038	16,260		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,532	77,528	80,616	85,384	89,632		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,602	31,200	31,055	20,981	14,918		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,432	3,734	7,097	17,808	24,681		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,432	302	3,362	10,711	6,873		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

**Appendix 1g**  
**Base Scenario with -2.82% Rate Change**  
**Summary of Investment Income**

(C\$ 000s, rounding may affect totals)	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	0	0	0	(0)
Government Bonds	33,615	32,868	32,297	32,338	32,707
Corporate Bonds	17,602	17,050	16,909	17,200	17,730
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,052</b>	<b>68,524</b>	<b>68,024</b>	<b>68,118</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(835)	113	121	131
Government Bonds Realized Gains/(Loss)	2,886	835	(113)	(121)	(131)
Corporate Bonds Unrealized Gains/(Loss)	1,202	186	47	49	51
Corporate Bonds Realized Gains/(Loss)	(1,202)	(186)	(47)	(49)	(51)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,397)	(1,405)	(1,438)	(1,414)
Pension Expense	7,127	8,200	8,757	9,529	10,558
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,501)	(2,667)	(2,841)	(3,055)
RSR	24,845	25,369	27,823	29,380	31,113
<b>Total</b>	<b>28,390</b>	<b>29,671</b>	<b>32,509</b>	<b>34,630</b>	<b>37,201</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>99,724</b>	<b>101,032</b>	<b>102,654</b>	<b>105,319</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,177,438	1,250,862	1,335,350	1,419,674
Corporate Bonds	517,593	531,504	556,326	584,872	613,407
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,190,048</b>	<b>2,279,153</b>	<b>2,382,259</b>	<b>2,484,535</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.8%	54.9%	56.1%	57.1%
Corporate Bonds	24.2%	24.3%	24.4%	24.6%	24.7%
MUSH	22.8%	22.0%	20.7%	19.4%	18.2%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 2a

### Combined Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,406	31,275	33,053
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,467</b>	<b>1,243,017</b>	<b>1,288,598</b>
Claims Incurred	620,145	839,936	999,460	1,070,341	1,086,285	1,135,332
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	7,044	10,664	26,734	25,074
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	30,221	41,077	36,741	42,054
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>1,036,725</b>	<b>1,122,082</b>	<b>1,149,760</b>	<b>1,202,460</b>
Claims Expense	141,720	149,509	147,719	151,440	154,066	158,190
Road Safety/Loss Prevention	7,708	13,249	13,070	12,963	12,726	12,997
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,197,514</b>	<b>1,286,485</b>	<b>1,316,552</b>	<b>1,373,647</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,275	79,722	81,858
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,649	4,703
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>170,107</b>	<b>175,373</b>	<b>178,901</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(215,252)</b>	<b>(257,125)</b>	<b>(248,908)</b>	<b>(263,950)</b>
<b>Investment Income</b>	88,878	100,008	95,925	95,079	87,173	78,154
(b) Investment Income - Interest Rate Impact	650	541	19,257	19,680	22,696	25,380
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>115,182</b>	<b>114,759</b>	<b>109,869</b>	<b>103,534</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(100,070)</b>	<b>(142,366)</b>	<b>(139,039)</b>	<b>(160,416)</b>
<b>Premium Rebate</b>	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(100,070)</b>	<b>(142,366)</b>	<b>(139,039)</b>	<b>(160,416)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(10,964)	(21,397)	(14,045)	(16,674)

## Appendix 2b

### Combined Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,897	3,053,154	3,206,846	3,347,623	3,474,947
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	24,463	17,017	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,925	42,089	32,389
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,783,604</b>	<b>3,945,131</b>	<b>4,067,408</b>	<b>4,193,549</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	416,311	435,693	455,445	475,574
Provision for unpaid claims	2,045,997	2,129,948	2,303,216	2,540,704	2,726,411	2,925,596
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,414,651</b>	<b>3,697,671</b>	<b>3,926,007</b>	<b>4,171,224</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	407,984	312,299	226,281	119,661
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(39,033)	(64,840)	(84,882)	(97,339)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>368,951</b>	<b>247,459</b>	<b>141,399</b>	<b>22,322</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,783,602</b>	<b>3,945,130</b>	<b>4,067,406</b>	<b>4,193,546</b>



**Appendix 2c**  
**Combined Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	407,984	312,299	226,281
Net Income (Loss) from annual operations	290,782	67,405	(100,070)	(142,366)	(139,039)	(160,416)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>407,984</b>	<b>312,299</b>	<b>226,281</b>	<b>119,661</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(39,033)	(64,840)	(84,882)
Other Comprehensive Income for the Year	53,984	807	(17,576)	(17,881)	(11,748)	(3,786)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	(7,563)	(7,926)	(8,294)	(8,671)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(39,033)</b>	<b>(64,840)</b>	<b>(84,882)</b>	<b>(97,339)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>368,951</b>	<b>247,459</b>	<b>141,399</b>	<b>22,322</b>

**Appendix 2d**  
**Combined Solvency Scenario**  
**Minimum Capital Test**

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	317,826	194,534	99,312	(10,065)
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>317,826</b>	<b>194,534</b>	<b>99,312</b>	<b>(10,065)</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,980	239,516	263,072	281,627	299,696
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	345,505	372,943	395,449	417,604
Market Risk:						
Interest rate risk	30	41,440	59,628	70,008	71,548	83,019
Foreign exchange risk	32	33,970	38,416	37,044	34,447	29,090
Equity risk	34	131,209	142,947	138,162	128,822	123,753
Real estate risk	36	39,855	42,748	42,401	40,773	39,719
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,474	283,739	287,615	275,590	275,581
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,233	59,904	62,372	64,795
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,484	61,148	63,608	66,024
Operational risk margin	50	79,811	87,145	91,090	93,266	96,468
Less: Diversification credit	52	83,109	92,136	96,573	97,803	100,618
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,778</b>	<b>682,737</b>	<b>716,223</b>	<b>730,110</b>	<b>755,059</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,852	455,158	477,482	486,740	503,373
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,852</b>	<b>455,158</b>	<b>477,482</b>	<b>486,740</b>	<b>503,373</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(4)</b>	<b>(137,332)</b>	<b>(282,948)</b>	<b>(387,428)</b>	<b>(513,438)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>69.83%</b>	<b>40.74%</b>	<b>20.40%</b>	<b>-2.00%</b>

## Appendix 2e

### Combined Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	498,237	472,485	537,683	506,552
Comprehensive	83,920	100,783	108,499	107,933	116,296	185,575
Property Damage	29,909	39,154	43,842	41,773	43,124	40,338
Public Liability - BI	4,954	6,136	10,963	11,624	6,305	6,040
PIPP	203,179	234,959	313,191	410,990	363,632	380,093
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>974,733</b>	<b>1,044,805</b>	<b>1,067,039</b>	<b>1,118,598</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	21,714	31,677	18,907	17,284
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	7,044	10,664	26,734	25,074
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>1,036,725</b>	<b>1,122,082</b>	<b>1,149,760</b>	<b>1,202,460</b>

**Appendix 2f**  
**Combined Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	80.31%	76.64%	80.63%	81.15%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0411	1.0694	1.0781	1.0503	1.0046					
2023				1.0711	1.0766	1.0458	0.9973	1.0022				
2024					1.0943	1.0574	1.0031	1.0028	1.0065			
2025						1.0520	0.9983	0.9984	1.0025	1.0063		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			73.93%	71.10%	56.56%	71.03%	80.68%				72.02%	77.31%
2023				71.21%	56.48%	70.72%	80.10%	76.81%			72.92%	78.58%
2024					57.41%	71.51%	80.56%	76.86%	81.16%		76.31%	82.51%
2025						71.14%	80.18%	76.52%	80.83%	81.66%	79.18%	85.92%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.47%	8.28%	8.19%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.76%	2.73%		
Selected					2.53%	2.67%	2.83%	2.84%	2.79%	2.75%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	418,054	440,609	479,402	517,246		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,198	15,816	16,124	16,434		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	78,594	82,834	90,128	97,242		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	24,463	17,017	(9,079)	(33,343)		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	10,472	21,135	38,790	39,600		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	7,044	10,664	17,654	810		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	9,079	33,343		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	9,079	24,264		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

**Appendix 2g**  
**Combined Solvency Scenario**  
**Summary of Investment Income**

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	0	(0)	0
Government Bonds	33,615	32,353	32,426	33,945	34,666
Corporate Bonds	17,602	16,798	16,730	17,347	17,719
MUSH	20,940	20,118	19,243	18,314	17,374
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>69,270</b>	<b>68,399</b>	<b>69,606</b>	<b>69,759</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	10,928	12,444	14,661	16,859
Government Bonds Realized Gains/(Loss)	2,886	1,734	520	615	704
Corporate Bonds Unrealized Gains/(Loss)	1,202	5,538	5,451	6,010	6,634
Corporate Bonds Realized Gains/(Loss)	(1,202)	460	642	700	766
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>18,660</b>	<b>19,057</b>	<b>21,986</b>	<b>24,964</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,400)	(1,482)	(1,630)	(1,703)
Pension Expense	7,127	7,639	6,347	5,138	5,123
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,592)	(3,075)	(3,598)	(4,218)
RSR	24,845	23,605	25,513	18,368	9,610
<b>Total</b>	<b>28,390</b>	<b>27,252</b>	<b>27,303</b>	<b>18,278</b>	<b>8,812</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>115,182</b>	<b>114,759</b>	<b>109,869</b>	<b>103,534</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,154,829	1,308,118	1,480,851	1,617,266
Corporate Bonds	517,593	525,730	578,943	638,510	685,948
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,161,665</b>	<b>2,359,027</b>	<b>2,581,398</b>	<b>2,754,669</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.4%	55.5%	57.4%	58.7%
Corporate Bonds	24.2%	24.3%	24.5%	24.7%	24.9%
MUSH	22.8%	22.3%	20.0%	17.9%	16.4%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 2h

### Combined Solvency Scenario with Management Action

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,198,101	1,304,751	1,420,957
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,247,819</b>	<b>1,356,054</b>	<b>1,473,731</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,150,172	1,252,809	1,364,361
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,198,807</b>	<b>1,303,174</b>	<b>1,416,250</b>
Service Fees & Other Revenues	25,792	26,228	30,063	31,623	33,965	37,519
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,230,430</b>	<b>1,337,139</b>	<b>1,453,769</b>
Claims Incurred	620,145	839,936	999,460	1,070,342	1,086,358	1,135,485
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	7,044	10,730	26,810	25,156
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	30,221	42,410	38,101	43,415
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>1,036,725</b>	<b>1,123,482</b>	<b>1,151,269</b>	<b>1,204,056</b>
Claims Expense	141,720	149,509	147,719	151,440	154,082	158,207
Road Safety/Loss Prevention	7,708	13,249	13,070	12,963	12,728	12,998
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,197,514</b>	<b>1,287,885</b>	<b>1,318,079</b>	<b>1,375,261</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,275	79,730	81,866
Commissions	43,384	45,961	48,013	52,681	57,604	60,212
Premium Taxes	23,978	32,607	33,924	36,452	39,593	42,995
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,649	4,703
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>172,013</b>	<b>181,576</b>	<b>189,776</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(215,252)</b>	<b>(229,468)</b>	<b>(162,516)</b>	<b>(111,268)</b>
<b>Investment Income</b>	88,878	100,008	95,970	94,790	87,630	79,431
(b) Investment Income - Interest Rate Impact	650	541	19,309	19,623	22,819	25,940
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>115,279</b>	<b>114,413</b>	<b>110,449</b>	<b>105,371</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(99,973)</b>	<b>(115,055)</b>	<b>(52,067)</b>	<b>(5,897)</b>
<b>Premium Rebate</b>	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(99,973)</b>	<b>(115,055)</b>	<b>(52,067)</b>	<b>(5,897)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(10,912)	(22,787)	(15,282)	(17,475)

## Appendix 2i

### Combined Solvency Scenario with Management Action

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,897	3,038,697	3,227,661	3,458,511	3,737,076
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	464,157	498,516	535,484
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	24,463	16,950	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,925	42,089	32,388
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,769,147</b>	<b>3,982,812</b>	<b>4,214,268</b>	<b>4,513,006</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	642,332	697,062	756,536
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	416,311	435,693	455,445	475,574
Provision for unpaid claims	2,045,997	2,129,948	2,303,216	2,542,038	2,729,320	2,930,102
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,414,651</b>	<b>3,727,247</b>	<b>3,988,912</b>	<b>4,271,348</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	393,676	320,113	308,841	335,221
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(39,182)	(64,547)	(83,487)	(93,564)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>354,494</b>	<b>255,566</b>	<b>225,354</b>	<b>241,657</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,769,145</b>	<b>3,982,813</b>	<b>4,214,266</b>	<b>4,513,005</b>

## Appendix 2j

### Combined Solvency Scenario with Management Action

### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	393,676	320,113	308,841
Net Income (Loss) from annual operations	290,782	67,405	(99,973)	(115,055)	(52,067)	(5,897)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	24,896	41,492	40,795	32,277
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>393,676</b>	<b>320,113</b>	<b>308,841</b>	<b>335,221</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(39,182)	(64,547)	(83,487)
Other Comprehensive Income for the Year	53,984	807	(17,725)	(17,439)	(10,646)	(1,406)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	(7,563)	(7,926)	(8,294)	(8,671)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(39,182)</b>	<b>(64,547)</b>	<b>(83,487)</b>	<b>(93,564)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>354,494</b>	<b>255,566</b>	<b>225,354</b>	<b>241,657</b>



## Appendix 2k

### Combined Solvency Scenario with Management Action

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	303,369	202,641	183,267	209,270
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>303,369</b>	<b>202,641</b>	<b>183,267</b>	<b>209,270</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	115,150	125,037	135,785
Unpaid claims	22	220,980	239,516	263,206	281,903	300,125
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	345,505	378,356	406,940	435,910
Market Risk:						
Interest rate risk	30	41,440	60,159	66,749	60,887	61,468
Foreign exchange risk	32	33,970	37,950	36,731	35,518	38,813
Equity risk	34	131,209	141,218	137,002	132,796	138,601
Real estate risk	36	39,855	42,459	42,208	41,435	42,193
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,474	281,786	282,690	270,636	281,075
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,058	60,941	65,354	70,554
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,308	62,184	66,590	71,783
Operational risk margin	50	79,811	86,964	92,670	97,155	103,888
Less: Diversification credit	52	83,109	91,847	96,671	98,757	104,414
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,778</b>	<b>680,716</b>	<b>719,229</b>	<b>742,564</b>	<b>788,242</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,852	453,811	479,486	495,043	525,495
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,852</b>	<b>453,811</b>	<b>479,486</b>	<b>495,043</b>	<b>525,495</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(4)</b>	<b>(150,442)</b>	<b>(276,845)</b>	<b>(311,776)</b>	<b>(316,225)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>66.85%</b>	<b>42.26%</b>	<b>37.02%</b>	<b>39.82%</b>

## Appendix 2I

### Combined Solvency Scenario with Management Action

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	498,237	472,488	537,686	506,554
Comprehensive	83,920	100,783	108,499	107,934	116,297	185,577
Property Damage	29,909	39,154	43,842	41,774	43,124	40,339
Public Liability - BI	4,954	6,136	10,963	11,628	6,308	6,042
PIPP	203,179	234,959	313,191	412,120	364,847	381,379
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>974,733</b>	<b>1,045,944</b>	<b>1,068,263</b>	<b>1,119,891</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	21,714	31,872	19,116	17,504
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	7,044	10,730	26,810	25,156
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>1,036,725</b>	<b>1,123,482</b>	<b>1,151,269</b>	<b>1,204,057</b>

**Appendix 2m**  
**Combined Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	80.31%	76.64%	80.63%	81.15%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0411	1.0694	1.0781	1.0503	1.0046					
2023				1.0711	1.0766	1.0458	0.9973	1.0022				
2024					1.0943	1.0574	1.0031	1.0028	1.0065			
2025						1.0520	0.9983	0.9984	1.0025	1.0063		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			73.93%	71.10%	56.56%	71.03%	80.68%				72.02%	77.31%
2023				71.21%	56.48%	70.72%	80.10%	76.81%			72.92%	78.59%
2024					57.41%	71.51%	80.56%	76.86%	81.16%		76.31%	82.53%
2025						71.14%	80.18%	76.52%	80.83%	81.66%	79.18%	85.95%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	#####	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.47%	8.28%	8.19%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.76%	2.73%		
Selected					2.53%	2.67%	2.83%	2.84%	2.79%	2.75%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	418,054	440,665	479,522	517,434		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,198	15,816	16,125	16,436		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	78,594	82,845	90,150	97,278		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	24,463	16,950	(9,222)	(33,569)		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	10,472	21,202	38,790	39,600		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	7,044	10,730	17,588	810		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	9,222	33,569		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	9,222	24,347		

Notes:

- [a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin
- [b] Min((16) - (15), (16)) if greater than 0, otherwise 0
- [c] Negative of (15) if greater than 0, otherwise 0

## Appendix 2n

### Combined Solvency Scenario with Management Action

### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	0	(0)	0
Government Bonds	33,615	32,353	32,570	34,437	35,636
Corporate Bonds	17,602	16,798	16,785	17,539	18,106
MUSH	20,940	20,118	19,243	18,314	17,374
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>69,270</b>	<b>68,599</b>	<b>70,290</b>	<b>71,115</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	10,928	12,443	14,926	17,537
Government Bonds Realized Gains/(Loss)	2,886	1,734	520	627	735
Corporate Bonds Unrealized Gains/(Loss)	1,202	5,538	5,451	6,088	6,834
Corporate Bonds Realized Gains/(Loss)	(1,202)	460	642	710	790
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>18,660</b>	<b>19,057</b>	<b>22,350</b>	<b>25,896</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,400)	(1,485)	(1,635)	(1,702)
Pension Expense	7,127	7,639	6,348	5,154	5,160
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,592)	(3,071)	(3,648)	(4,331)
RSR	24,845	23,702	24,965	17,938	9,234
<b>Total</b>	<b>28,390</b>	<b>27,349</b>	<b>26,758</b>	<b>17,809</b>	<b>8,360</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>115,279</b>	<b>114,413</b>	<b>110,449</b>	<b>105,371</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,154,829	1,330,879	1,538,698	1,720,027
Corporate Bonds	517,593	525,730	586,527	657,792	720,205
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,161,665</b>	<b>2,389,371</b>	<b>2,658,527</b>	<b>2,891,687</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.4%	55.7%	57.9%	59.5%
Corporate Bonds	24.2%	24.3%	24.5%	24.7%	24.9%
MUSH	22.8%	22.3%	19.8%	17.4%	15.6%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 3a

### High Loss Ratio Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,048
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,466</b>	<b>1,243,011</b>	<b>1,288,593</b>
Claims Incurred	620,145	839,936	915,931	1,020,494	1,322,686	1,040,535
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	1,133	11,117	47,669	11,830
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,906	10,736	2,103	27,918
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>928,970</b>	<b>1,042,347</b>	<b>1,372,458</b>	<b>1,080,283</b>
Claims Expense	141,720	149,509	147,719	151,209	152,757	157,124
Road Safety/Loss Prevention	7,708	13,249	13,070	12,937	12,593	12,893
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,089,759</b>	<b>1,206,493</b>	<b>1,537,808</b>	<b>1,250,300</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,156	79,079	81,345
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,697
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>169,988</b>	<b>174,725</b>	<b>178,382</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(107,497)</b>	<b>(177,015)</b>	<b>(469,522)</b>	<b>(140,089)</b>
<b>Investment Income</b>	88,878	100,008	99,265	103,459	106,304	115,671
(b) Investment Income - Interest Rate Impact	650	541	484	227	613	1,803
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>99,749</b>	<b>103,686</b>	<b>106,917</b>	<b>117,474</b>
Gain (Loss) on Sale of Property	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(7,748)</b>	<b>(73,329)</b>	<b>(362,605)</b>	<b>(22,615)</b>
Premium Rebate	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(7,748)</b>	<b>(73,329)</b>	<b>(362,605)</b>	<b>(22,615)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,422)	(10,509)	(1,490)	(26,115)

## Appendix 3b

### High Loss Ratio Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	(10,163)	100,483
Investments	2,947,377	2,939,897	3,097,749	3,210,546	3,250,325	3,239,271
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	30,374	22,475	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,935	42,138	32,459
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,834,110</b>	<b>3,954,299</b>	<b>3,859,996</b>	<b>3,958,426</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,948	2,240,868	2,349,936	2,537,440	2,596,781
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,344,740</b>	<b>3,491,414</b>	<b>3,713,253</b>	<b>3,809,955</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	500,306	473,658	164,074	195,255
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,937)	(10,774)	(17,332)	(46,784)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>489,369</b>	<b>462,884</b>	<b>146,742</b>	<b>148,471</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,834,109</b>	<b>3,954,298</b>	<b>3,859,995</b>	<b>3,958,426</b>

### Appendix 3c

#### High Loss Ratio Solvency Scenario

#### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	500,306	473,658	164,074
Net Income (Loss) from annual operations	290,782	67,405	(7,748)	(73,329)	(362,605)	(22,615)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>500,306</b>	<b>473,658</b>	<b>164,074</b>	<b>195,255</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(10,937)	(10,774)	(17,332)
Other Comprehensive Income for the Year	53,984	807	2,957	163	(6,558)	(29,452)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(10,937)</b>	<b>(10,774)</b>	<b>(17,332)</b>	<b>(46,784)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>489,369</b>	<b>462,884</b>	<b>146,742</b>	<b>148,471</b>

### Appendix 3d

#### High Loss Ratio Solvency Scenario

#### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	438,244	409,950	104,605	116,012
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>438,244</b>	<b>409,950</b>	<b>104,605</b>	<b>116,012</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
<b>Insurance Risk:</b>						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,980	232,690	244,988	264,815	266,838
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	338,679	354,859	378,637	384,746
<b>Market Risk:</b>						
Interest rate risk	30	41,449	46,399	51,887	96,009	83,107
Foreign exchange risk	32	33,970	39,553	41,669	41,197	27,913
Equity risk	34	131,209	147,049	155,135	153,647	113,265
Real estate risk	36	39,855	42,832	44,020	43,060	35,449
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	275,833	292,711	333,913	259,734
<b>Credit Risk:</b>						
Counterparty default risk for balance sheet assets	40	52,481	57,444	59,603	58,637	58,734
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,694	60,846	59,873	59,964
Operational risk margin	50	79,812	85,911	89,960	96,477	91,813
Less: Diversification credit	52	83,111	90,189	94,909	103,442	93,511
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>668,928</b>	<b>703,467</b>	<b>765,458</b>	<b>702,746</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	445,952	468,978	510,306	468,497
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>445,952</b>	<b>468,978</b>	<b>510,306</b>	<b>468,497</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(9)</b>	<b>(7,708)</b>	<b>(59,028)</b>	<b>(405,701)</b>	<b>(352,485)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>98.27%</b>	<b>87.41%</b>	<b>20.50%</b>	<b>24.76%</b>



### Appendix 3e

#### High Loss Ratio Solvency Scenario

#### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	446,017	560,348	598,983	581,530
Comprehensive	83,920	100,783	113,314	102,378	333,894	90,244
Property Damage	29,909	39,154	41,577	47,152	46,714	43,509
Public Liability - BI	4,954	6,136	4,992	6,521	6,680	7,946
PIPP	203,179	234,959	275,883	268,354	283,105	297,858
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>881,782</b>	<b>984,753</b>	<b>1,269,376</b>	<b>1,021,086</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	12,820	11,540	18,332	5,862
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	1,133	11,117	47,669	11,830
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>928,970</b>	<b>1,042,347</b>	<b>1,372,458</b>	<b>1,080,283</b>

**Appendix 3f**  
**High Loss Ratio Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	75.31%	82.03%	103.69%	78.26%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0267	1.0577	1.0694	1.0449	1.0024					
2023				1.0745	1.0793	1.0478	0.9985	1.0028				
2024					1.1597	1.1070	1.0374	1.0245	1.0158			
2025						1.0937	1.0295	1.0212	1.0170	1.0125		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.91%	70.32%	56.10%	70.67%	75.49%				71.30%	76.39%
2023				71.44%	56.62%	70.86%	75.20%	82.26%			72.50%	77.76%
2024					60.84%	74.86%	78.13%	84.04%	105.33%		79.01%	84.77%
2025						73.97%	77.53%	83.77%	105.45%	79.23%	80.18%	86.25%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.46%	8.21%	8.14%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.74%	2.71%		
Selected					2.53%	2.67%	2.83%	2.84%	2.78%	2.73%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	413,080	436,030	492,505	519,236		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,797	16,036	16,304		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,659	81,974	92,591	97,616		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	30,374	22,475	(24,557)	(35,577)		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	4,560	15,677	38,790	39,600		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	1,133	11,117	23,112	810		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	24,557	35,577		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	24,557	11,020		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3g

#### High Loss Ratio Solvency Scenario

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	(0)	(25)	(25)
Government Bonds	33,615	32,877	32,507	31,794	31,838
Corporate Bonds	17,602	17,053	16,990	16,981	17,403
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,064</b>	<b>68,814</b>	<b>67,237</b>	<b>66,898</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(855)	114	(6,477)	(2,753)
Government Bonds Realized Gains/(Loss)	2,886	855	(114)	6,477	2,753
Corporate Bonds Unrealized Gains/(Loss)	1,202	189	47	(1,502)	(2,668)
Corporate Bonds Realized Gains/(Loss)	(1,202)	(189)	(47)	1,502	2,668
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,396)	(1,419)	(1,446)	(1,512)
Pension Expense	7,127	8,200	8,745	9,481	10,380
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,501)	(2,683)	(2,843)	(3,080)
RSR	24,845	25,383	30,229	34,488	44,787
<b>Total</b>	<b>28,390</b>	<b>29,685</b>	<b>34,872</b>	<b>39,680</b>	<b>50,576</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>99,749</b>	<b>103,686</b>	<b>106,917</b>	<b>117,474</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	(110,163)	-
Government Bonds	1,136,654	1,178,763	1,237,717	1,138,711	1,411,095
Corporate Bonds	517,593	531,946	551,948	519,337	610,577
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,191,813</b>	<b>2,261,629</b>	<b>2,009,921</b>	<b>2,473,127</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	-5.5%	0.0%
Government Bonds	53.1%	53.8%	54.7%	56.7%	57.1%
Corporate Bonds	24.2%	24.3%	24.4%	25.8%	24.7%
MUSH	22.8%	22.0%	20.9%	23.0%	18.3%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Appendix 3h**  
**High Loss Ratio Solvency Scenario with Management Action**  
**Statement of Operations**

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,198,101	1,304,751	1,420,957
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,247,819</b>	<b>1,356,054</b>	<b>1,473,731</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,150,172	1,252,809	1,364,361
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,198,807</b>	<b>1,303,174</b>	<b>1,416,250</b>
Service Fees & Other Revenues	25,792	26,228	30,063	31,622	33,959	37,514
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,230,429</b>	<b>1,337,133</b>	<b>1,453,764</b>
Claims Incurred	620,145	839,936	915,931	1,020,494	1,322,738	1,040,747
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	1,133	11,180	47,995	11,788
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,906	11,918	7,559	26,850
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>928,970</b>	<b>1,043,592</b>	<b>1,378,292</b>	<b>1,079,385</b>
Claims Expense	141,720	149,509	147,719	151,209	152,771	157,155
Road Safety/Loss Prevention	7,708	13,249	13,070	12,937	12,595	12,896
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,089,759</b>	<b>1,207,738</b>	<b>1,543,658</b>	<b>1,249,436</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,156	79,087	81,360
Commissions	43,384	45,961	48,013	52,681	57,604	60,212
Premium Taxes	23,978	32,607	33,924	36,452	39,593	42,995
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,698
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>171,894</b>	<b>180,928</b>	<b>189,265</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(107,497)</b>	<b>(149,203)</b>	<b>(387,453)</b>	<b>15,063</b>
<b>Investment Income</b>	88,878	100,008	99,266	103,195	104,877	114,888
(b) Investment Income - Interest Rate Impact	650	541	477	170	355	1,337
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>99,743</b>	<b>103,365</b>	<b>105,232</b>	<b>116,225</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(7,754)</b>	<b>(45,838)</b>	<b>(282,221)</b>	<b>131,288</b>
<b>Premium Rebate</b>	<b>(282,626)</b>	<b>(47,330)</b>	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(7,754)</b>	<b>(45,838)</b>	<b>(282,221)</b>	<b>131,288</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,429)	(11,748)	(7,204)	(25,513)

### Appendix 3i

#### High Loss Ratio Solvency Scenario with Management Action

#### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	65,693	100,000
Investments	2,947,377	2,939,897	3,099,915	3,247,399	3,281,513	3,533,081
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	464,157	498,516	535,484
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	30,374	22,411	-	-
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,935	42,137	32,458
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,836,276</b>	<b>4,008,021</b>	<b>4,003,011</b>	<b>4,309,081</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	642,332	697,062	756,536
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,948	2,240,868	2,351,117	2,544,520	2,602,963
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,344,740</b>	<b>3,520,837</b>	<b>3,780,329</b>	<b>3,911,755</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	502,460	496,961	234,367	427,149
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,924)	(9,778)	(11,686)	(29,825)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>491,536</b>	<b>487,183</b>	<b>222,681</b>	<b>397,324</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,836,276</b>	<b>4,008,020</b>	<b>4,003,010</b>	<b>4,309,079</b>

## Appendix 3j

### High Loss Ratio Solvency Scenario with Management Action

### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	502,460	496,961	234,367
Net Income (Loss) from annual operations	290,782	67,405	(7,754)	(45,838)	(282,221)	131,288
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	41,461	40,339	19,627	61,494
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>502,460</b>	<b>496,961</b>	<b>234,367</b>	<b>427,149</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(10,924)	(9,778)	(11,686)
Other Comprehensive Income for the Year	53,984	807	2,970	1,146	(1,908)	(18,139)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(10,924)</b>	<b>(9,778)</b>	<b>(11,686)</b>	<b>(29,825)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>491,536</b>	<b>487,183</b>	<b>222,681</b>	<b>397,324</b>

### Appendix 3k

#### High Loss Ratio Solvency Scenario with Management Action

#### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	440,411	434,249	180,545	364,867
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>440,411</b>	<b>434,249</b>	<b>180,545</b>	<b>364,867</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	115,150	125,037	135,785
Unpaid claims	22	220,980	232,690	245,106	265,486	267,424
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	338,679	360,256	390,523	403,209
Market Risk:						
Interest rate risk	30	41,449	46,319	48,151	77,354	49,491
Foreign exchange risk	32	33,970	39,623	41,873	42,140	44,106
Equity risk	34	131,209	147,308	155,891	157,143	140,714
Real estate risk	36	39,855	42,876	44,146	43,643	40,024
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	276,126	290,061	320,280	274,335
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,470	60,833	62,338	66,557
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,721	62,077	63,575	67,786
Operational risk margin	50	79,812	85,938	91,748	99,723	100,196
Less: Diversification credit	52	83,111	90,232	95,429	103,739	99,133
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>669,232</b>	<b>708,713</b>	<b>770,362</b>	<b>746,393</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	446,154	472,475	513,574	497,596
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>446,154</b>	<b>472,475</b>	<b>513,574</b>	<b>497,596</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(9)</b>	<b>(5,743)</b>	<b>(38,226)</b>	<b>(333,029)</b>	<b>(132,729)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>98.71%</b>	<b>91.91%</b>	<b>35.15%</b>	<b>73.33%</b>

**Appendix 3I**  
**High Loss Ratio Solvency Scenario with Management Action**  
**Net Claims Incurred Summary**

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	446,017	560,352	599,001	581,526
Comprehensive	83,920	100,783	113,314	102,379	333,907	90,235
Property Damage	29,909	39,154	41,577	47,152	46,718	43,508
Public Liability - BI	4,954	6,136	4,992	6,523	6,691	7,944
PIPP	203,179	234,959	275,883	269,356	287,763	297,143
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>881,782</b>	<b>985,762</b>	<b>1,274,080</b>	<b>1,020,356</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	12,820	11,713	19,137	5,737
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	1,133	11,180	47,995	11,788
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>928,970</b>	<b>1,043,592</b>	<b>1,378,293</b>	<b>1,079,385</b>



**Appendix 3m**  
**High Loss Ratio Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	75.31%	82.03%	103.69%	78.26%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0267	1.0577	1.0694	1.0449	1.0024					
2023				1.0745	1.0793	1.0478	0.9985	1.0028				
2024					1.1597	1.1070	1.0374	1.0245	1.0158			
2025						1.0937	1.0295	1.0212	1.0170	1.0125		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.91%	70.32%	56.10%	70.67%	75.49%				71.30%	76.39%
2023				71.44%	56.62%	70.86%	75.20%	82.26%			72.50%	77.77%
2024					60.84%	74.86%	78.13%	84.04%	105.33%		79.01%	84.82%
2025						73.97%	77.53%	83.77%	105.45%	79.23%	80.18%	86.30%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	#####	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.46%	8.21%	8.14%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.74%	2.71%		
Selected					2.53%	2.67%	2.83%	2.84%	2.78%	2.73%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	413,080	436,084	492,831	519,526		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,797	16,038	16,307		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,659	81,984	92,652	97,671		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	30,374	22,411	(24,946)	(35,924)		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	4,560	15,741	38,790	39,600		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	1,133	11,180	23,049	810		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	24,946	35,924		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	24,946	10,978		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 3n

#### High Loss Ratio Solvency Scenario with Management Action

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	0	(8)	(8)
Government Bonds	33,615	32,877	32,656	32,429	34,258
Corporate Bonds	17,602	17,053	17,048	17,237	18,408
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,064</b>	<b>69,022</b>	<b>68,144</b>	<b>70,340</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(855)	114	(1,873)	141
Government Bonds Realized Gains/(Loss)	2,886	855	(114)	1,873	(141)
Corporate Bonds Unrealized Gains/(Loss)	1,202	189	47	122	53
Corporate Bonds Realized Gains/(Loss)	(1,202)	(189)	(47)	(122)	(53)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,396)	(1,423)	(1,463)	(1,547)
Pension Expense	7,127	8,200	8,747	9,495	10,458
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,501)	(2,695)	(2,898)	(3,290)
RSR	24,845	25,376	29,715	31,954	40,264
<b>Total</b>	<b>28,390</b>	<b>29,679</b>	<b>34,343</b>	<b>37,088</b>	<b>45,884</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>99,743</b>	<b>103,365</b>	<b>105,232</b>	<b>116,225</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	(34,308)	-
Government Bonds	1,136,654	1,178,763	1,260,463	1,253,357	1,572,014
Corporate Bonds	517,593	531,946	559,532	557,564	664,266
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,191,813</b>	<b>2,291,960</b>	<b>2,238,651</b>	<b>2,687,735</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	-1.5%	0.0%
Government Bonds	53.1%	53.8%	55.0%	56.0%	58.5%
Corporate Bonds	24.2%	24.3%	24.4%	24.9%	24.7%
MUSH	22.8%	22.0%	20.6%	20.6%	16.8%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 4a

### Policy Liabilities Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,407	31,273	33,049
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,468</b>	<b>1,243,015</b>	<b>1,288,594</b>
Claims Incurred	620,145	839,936	970,953	1,003,177	1,055,626	1,091,271
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	297	3,452	10,727	6,833
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,945	13,840	10,413	9,719
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>983,195</b>	<b>1,020,469</b>	<b>1,076,766</b>	<b>1,107,823</b>
Claims Expense	141,720	149,509	147,719	151,567	153,551	157,321
Road Safety/Loss Prevention	7,708	13,249	13,070	12,976	12,674	12,908
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,143,984</b>	<b>1,185,012</b>	<b>1,242,991</b>	<b>1,278,052</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,332	79,469	81,422
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,647	4,698
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>170,164</b>	<b>175,118</b>	<b>178,460</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(161,722)</b>	<b>(155,708)</b>	<b>(175,094)</b>	<b>(167,918)</b>
<b>Investment Income</b>	88,878	100,008	99,183	106,565	104,695	105,638
(b) Investment Income - Interest Rate Impact	650	541	482	457	291	239
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>99,665</b>	<b>107,022</b>	<b>104,986</b>	<b>105,877</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(62,057)</b>	<b>(48,686)</b>	<b>(70,108)</b>	<b>(62,041)</b>
<b>Premium Rebate</b>	<b>(282,626)</b>	<b>(47,330)</b>	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(62,057)</b>	<b>(48,686)</b>	<b>(70,108)</b>	<b>(62,041)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,463)	(13,383)	(10,122)	(9,480)

## Appendix 4b

### Policy Liabilities Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,897	3,089,097	3,250,195	3,428,359	3,604,765
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	31,210	30,975	20,886	14,863
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,920	42,099	32,417
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,826,294</b>	<b>4,002,433</b>	<b>4,169,040</b>	<b>4,338,258</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,948	2,287,389	2,431,639	2,581,725	2,721,521
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,391,261</b>	<b>3,573,117</b>	<b>3,757,538</b>	<b>3,934,695</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	445,997	443,992	426,905	418,660
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,965)	(14,675)	(15,401)	(15,096)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>435,032</b>	<b>429,317</b>	<b>411,504</b>	<b>403,564</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,826,293</b>	<b>4,002,434</b>	<b>4,169,042</b>	<b>4,338,259</b>

**Appendix 4c**  
**Policy Liabilities Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	445,997	443,992	426,905
Net Income (Loss) from annual operations	290,782	67,405	(62,057)	(48,686)	(70,108)	(62,041)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>445,997</b>	<b>443,992</b>	<b>426,905</b>	<b>418,660</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(10,965)	(14,675)	(15,401)
Other Comprehensive Income for the Year	53,984	807	2,929	(3,710)	(726)	305
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(10,965)</b>	<b>(14,675)</b>	<b>(15,401)</b>	<b>(15,096)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>435,032</b>	<b>429,317</b>	<b>411,504</b>	<b>403,564</b>

**Appendix 4d**  
**Policy Liabilities Solvency Scenario**  
**Minimum Capital Test**

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	383,907	376,396	369,404	371,145
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>383,907</b>	<b>376,396</b>	<b>369,404</b>	<b>371,145</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,980	237,416	252,251	267,656	282,046
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	343,405	362,122	381,478	399,954
Market Risk:						
Interest rate risk	30	41,449	53,254	53,441	54,521	56,374
Foreign exchange risk	32	33,970	39,482	40,236	41,823	43,741
Equity risk	34	131,209	146,785	149,819	155,969	162,586
Real estate risk	36	39,855	42,788	43,134	43,447	43,669
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	282,309	286,630	295,760	306,370
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,352	59,912	62,692	65,468
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,603	61,156	63,929	66,697
Operational risk margin	50	79,812	86,855	90,087	93,820	97,642
Less: Diversification credit	52	83,111	91,680	95,068	99,205	103,430
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>679,492</b>	<b>704,927</b>	<b>735,782</b>	<b>767,233</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	452,994	469,951	490,521	511,489
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>452,994</b>	<b>469,951</b>	<b>490,521</b>	<b>511,489</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(9)</b>	<b>(69,087)</b>	<b>(93,555)</b>	<b>(121,117)</b>	<b>(140,344)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>84.75%</b>	<b>80.09%</b>	<b>75.31%</b>	<b>72.56%</b>

## Appendix 4e

### Policy Liabilities Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	468,504	490,495	513,732	537,866
Comprehensive	83,920	100,783	97,097	102,079	107,241	112,607
Property Damage	29,909	39,154	42,601	42,833	43,089	43,340
Public Liability - BI	4,954	6,136	7,013	7,324	7,616	7,919
PIPP	203,179	234,959	314,626	321,869	341,284	343,397
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>929,841</b>	<b>964,600</b>	<b>1,012,962</b>	<b>1,045,128</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	19,822	17,480	15,997	14,358
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	297	3,452	10,727	6,833
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>983,194</b>	<b>1,020,470</b>	<b>1,076,766</b>	<b>1,107,823</b>

**Appendix 4f**  
**Policy Liabilities Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0243	1.0558	1.0680	1.0441	1.0020					
2023				1.0529	1.0621	1.0355	0.9910	0.9995				
2024					1.0659	1.0357	0.9880	0.9931	1.0024			
2025						1.0171	0.9721	0.9791	0.9901	1.0009		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	76.26%
2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	76.49%
2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	78.18%
2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	79.19%
B. Actual Data Other Than Losses												
Fiscal Year												
<i>(C\$ 000s, rounding may affect totals)</i>												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.48%	8.25%	8.15%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.83%	2.75%	2.72%		
Selected					2.53%	2.67%	2.83%	2.84%	2.79%	2.73%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	412,376	428,860	454,204	476,739		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,815	16,095	16,351		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,527	80,626	85,390	89,627		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	31,210	30,975	20,886	14,863		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	3,724	7,177	17,904	24,737		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	297	3,452	10,727	6,833		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0



### Appendix 4g

#### Policy Liabilities Solvency Scenario

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	0	0	(0)	0
Government Bonds	33,615	32,843	33,358	34,429	35,602
Corporate Bonds	17,602	17,040	17,320	18,023	18,888
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,017</b>	<b>69,994</b>	<b>70,938</b>	<b>72,171</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(795)	116	126	138
Government Bonds Realized Gains/(Loss)	2,886	795	(116)	(126)	(138)
Corporate Bonds Unrealized Gains/(Loss)	1,202	180	48	51	54
Corporate Bonds Realized Gains/(Loss)	(1,202)	(180)	(48)	(51)	(54)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,395)	(1,454)	(1,533)	(1,550)
Pension Expense	7,127	8,199	8,733	9,505	10,529
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,499)	(2,737)	(2,972)	(3,224)
RSR	24,845	25,343	32,485	29,048	27,950
<b>Total</b>	<b>28,390</b>	<b>29,648</b>	<b>37,027</b>	<b>34,048</b>	<b>33,706</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>99,665</b>	<b>107,022</b>	<b>104,986</b>	<b>105,877</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,173,949	1,300,531	1,421,616	1,539,620
Corporate Bonds	517,593	530,341	572,893	613,654	653,433
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,185,395</b>	<b>2,345,389</b>	<b>2,497,308</b>	<b>2,644,508</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.7%	55.5%	56.9%	58.2%
Corporate Bonds	24.2%	24.3%	24.4%	24.6%	24.7%
MUSH	22.8%	22.0%	20.1%	18.5%	17.1%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Appendix 4h**  
**Policy Liabilities Solvency Scenario with Management Action**  
**Statement of Operations**

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,189,043	1,251,237	1,316,666
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,238,761</b>	<b>1,302,540</b>	<b>1,369,440</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,145,525	1,220,947	1,284,800
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,194,160</b>	<b>1,271,312</b>	<b>1,336,689</b>
Service Fees & Other Revenues	25,792	26,228	30,063	31,435	32,795	35,143
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,225,595</b>	<b>1,304,107</b>	<b>1,371,832</b>
Claims Incurred	620,145	839,936	970,953	1,003,177	1,055,684	1,091,349
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	297	3,500	10,752	6,844
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,945	14,794	10,852	9,864
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>983,195</b>	<b>1,021,471</b>	<b>1,077,288</b>	<b>1,108,057</b>
Claims Expense	141,720	149,509	147,719	151,567	153,551	157,321
Road Safety/Loss Prevention	7,708	13,249	13,070	12,976	12,674	12,908
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,510</b>	<b>1,143,984</b>	<b>1,186,014</b>	<b>1,243,513</b>	<b>1,278,286</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,332	79,469	81,422
Commissions	43,384	45,961	48,013	52,522	56,485	57,272
Premium Taxes	23,978	32,607	33,924	36,313	38,637	40,608
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,647	4,698
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>171,772</b>	<b>179,238</b>	<b>184,000</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,144)</b>	<b>(161,722)</b>	<b>(132,191)</b>	<b>(118,644)</b>	<b>(90,454)</b>
<b>Investment Income</b>	88,878	100,008	99,183	106,294	103,695	105,611
(b) Investment Income - Interest Rate Impact	650	541	482	409	106	(10)
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>99,665</b>	<b>106,703</b>	<b>103,801</b>	<b>105,601</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,405</b>	<b>(62,057)</b>	<b>(25,488)</b>	<b>(14,843)</b>	<b>15,147</b>
<b>Premium Rebate</b>	<b>(282,626)</b>	<b>(47,330)</b>	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,075</b>	<b>(62,057)</b>	<b>(25,488)</b>	<b>(14,843)</b>	<b>15,147</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,463)	(14,385)	(10,746)	(9,874)

## Appendix 4i

### Policy Liabilities Solvency Scenario with Management Action

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,897	3,089,094	3,285,030	3,527,024	3,791,146
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	461,512	482,889	505,030
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	31,210	30,927	20,813	14,779
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,920	42,099	32,417
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,473</b>	<b>3,826,291</b>	<b>4,051,508</b>	<b>4,287,977</b>	<b>4,551,430</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	637,921	670,999	705,743
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,948	2,287,389	2,432,593	2,583,175	2,723,195
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,612</b>	<b>3,391,261</b>	<b>3,597,902</b>	<b>3,792,921</b>	<b>3,981,194</b>
<b>Equity</b>						
Retained earnings	448,678	468,753	445,995	467,480	506,263	576,069
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(10,965)	(13,872)	(11,204)	(5,830)
<b>Total Equity</b>	<b>433,977</b>	<b>454,859</b>	<b>435,030</b>	<b>453,608</b>	<b>495,059</b>	<b>570,239</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,471</b>	<b>3,826,291</b>	<b>4,051,510</b>	<b>4,287,980</b>	<b>4,551,433</b>

## Appendix 4j

### Policy Liabilities Solvency Scenario with Management Action

### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,753	445,995	467,480	506,263
Net Income (Loss) from annual operations	290,782	67,405	(62,057)	(25,488)	(14,843)	15,147
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,299	46,973	53,626	54,659
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,753</b>	<b>445,995</b>	<b>467,480</b>	<b>506,263</b>	<b>576,069</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(10,965)	(13,872)	(11,204)
Other Comprehensive Income for the Year	53,984	807	2,929	(2,907)	2,668	5,374
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(10,965)</b>	<b>(13,872)</b>	<b>(11,204)</b>	<b>(5,830)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,859</b>	<b>435,030</b>	<b>453,608</b>	<b>495,059</b>	<b>570,239</b>

**Appendix 4k**  
**Policy Liabilities Solvency Scenario with Management Action**  
**Minimum Capital Test**

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,848	383,905	400,687	452,957	537,819
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,848</b>	<b>383,905</b>	<b>400,687</b>	<b>452,957</b>	<b>537,819</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	114,327	120,165	126,288
Unpaid claims	22	220,980	237,416	252,347	267,801	282,214
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,863	343,405	366,674	387,966	408,502
Market Risk:						
Interest rate risk	30	41,449	53,254	50,094	46,964	43,988
Foreign exchange risk	32	33,970	39,482	40,529	43,478	50,636
Equity risk	34	131,209	146,785	150,907	162,110	176,921
Real estate risk	36	39,855	42,788	43,315	44,470	46,058
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	282,309	284,845	297,022	317,603
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,352	60,996	64,807	68,933
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,603	62,240	66,044	70,162
Operational risk margin	50	79,812	86,855	91,638	96,401	101,919
Less: Diversification credit	52	83,111	91,680	95,548	100,500	106,602
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>679,492</b>	<b>709,849</b>	<b>746,933</b>	<b>791,584</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	452,994	473,232	497,955	527,723
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>452,994</b>	<b>473,232</b>	<b>497,955</b>	<b>527,723</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(9)</b>	<b>(69,089)</b>	<b>(72,545)</b>	<b>(44,998)</b>	<b>10,096</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>84.75%</b>	<b>84.67%</b>	<b>90.96%</b>	<b>101.91%</b>

## Appendix 4I

### Policy Liabilities Solvency Scenario with Management Action Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	468,504	490,497	513,733	537,867
Comprehensive	83,920	100,783	97,097	102,080	107,242	112,607
Property Damage	29,909	39,154	42,601	42,834	43,089	43,340
Public Liability - BI	4,954	6,136	7,013	7,326	7,617	7,919
PIPP	203,179	234,959	314,626	322,677	341,706	343,586
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>929,841</b>	<b>965,415</b>	<b>1,013,386</b>	<b>1,045,319</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,426	19,822	17,620	16,070	14,390
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	297	3,500	10,752	6,844
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,752</b>	<b>983,194</b>	<b>1,021,471</b>	<b>1,077,288</b>	<b>1,108,057</b>

**Appendix 4m**  
**Policy Liabilities Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0243	1.0558	1.0680	1.0441	1.0020					
2023				1.0529	1.0621	1.0355	0.9910	0.9995				
2024					1.0659	1.0357	0.9880	0.9931	1.0024			
2025						1.0171	0.9721	0.9791	0.9901	1.0009		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	76.26%
2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	76.49%
2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	78.19%
2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	79.20%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	#####	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.48%	8.25%	8.15%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.83%	2.75%	2.72%		
Selected					2.53%	2.67%	2.83%	2.84%	2.79%	2.73%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)	354,751	383,468	396,537	410,591	371,002	401,763	412,376	428,900	454,265	476,809		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,815	16,095	16,351		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,527	80,633	85,402	89,640		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	31,210	30,927	20,813	14,779		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	3,724	7,225	17,976	24,820		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	297	3,500	10,752	6,844		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:

- [a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin
- [b] Min((16) - (15), (16)) if greater than 0, otherwise 0
- [c] Negative of (15) if greater than 0, otherwise 0

### Appendix 4n

#### Policy Liabilities Solvency Scenario with Management Action

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	0	(0)	(0)	0
Government Bonds	33,615	32,843	33,484	34,782	36,148
Corporate Bonds	17,602	17,040	17,369	18,164	19,114
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,017</b>	<b>70,170</b>	<b>71,432</b>	<b>72,943</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(795)	116	128	139
Government Bonds Realized Gains/(Loss)	2,886	795	(116)	(128)	(139)
Corporate Bonds Unrealized Gains/(Loss)	1,202	180	48	51	55
Corporate Bonds Realized Gains/(Loss)	(1,202)	(180)	(48)	(51)	(55)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,395)	(1,455)	(1,535)	(1,546)
Pension Expense	7,127	8,199	8,736	9,517	10,551
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,499)	(2,747)	(3,001)	(3,267)
RSR	24,845	25,343	32,000	27,388	26,920
<b>Total</b>	<b>28,390</b>	<b>29,648</b>	<b>36,533</b>	<b>32,368</b>	<b>32,658</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>99,665</b>	<b>106,703</b>	<b>103,801</b>	<b>105,601</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,173,949	1,319,726	1,456,850	1,589,109
Corporate Bonds	517,593	530,341	579,293	625,405	669,943
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,333</b>	<b>2,185,395</b>	<b>2,370,984</b>	<b>2,544,292</b>	<b>2,710,507</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.7%	55.7%	57.3%	58.6%
Corporate Bonds	24.2%	24.3%	24.4%	24.6%	24.7%
MUSH	22.8%	22.0%	19.9%	18.2%	16.7%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



## Appendix 5a

### Equity Decline Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,405	31,269	33,044
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,466</b>	<b>1,243,011</b>	<b>1,288,589</b>
Claims Incurred	620,145	839,935	904,588	941,029	980,593	1,023,982
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	316	3,365	10,714	6,872
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,940	11,800	10,086	10,090
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,751</b>	<b>916,844</b>	<b>956,194</b>	<b>1,001,393</b>	<b>1,040,944</b>
Claims Expense	141,720	149,509	147,719	151,167	152,772	156,205
Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,800
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,509</b>	<b>1,077,633</b>	<b>1,120,295</b>	<b>1,166,763</b>	<b>1,209,949</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,141	79,099	80,894
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>169,973</b>	<b>174,745</b>	<b>177,927</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,143)</b>	<b>(95,371)</b>	<b>(90,802)</b>	<b>(98,497)</b>	<b>(99,287)</b>
<b>Investment Income</b>	88,878	100,008	90,766	79,014	47,147	58,654
(b) Investment Income - Interest Rate Impact	650	541	567	(9)	(10)	(10)
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>91,333</b>	<b>79,005</b>	<b>47,137</b>	<b>58,644</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,406</b>	<b>(4,038)</b>	<b>(11,797)</b>	<b>(51,360)</b>	<b>(40,643)</b>
<b>Premium Rebate</b>	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,076</b>	<b>(4,038)</b>	<b>(11,797)</b>	<b>(51,360)</b>	<b>(40,643)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,373)	(11,809)	(10,096)	(10,100)

## Appendix 5b

### Equity Decline Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,896	3,048,674	3,175,419	3,322,991	3,472,149
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	31,191	31,044	20,967	14,905
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,472</b>	<b>3,785,852</b>	<b>3,927,743</b>	<b>4,063,792</b>	<b>4,205,745</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,946	2,227,092	2,319,343	2,410,939	2,504,344
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,610</b>	<b>3,330,964</b>	<b>3,460,821</b>	<b>3,586,752</b>	<b>3,717,518</b>
<b>Equity</b>						
Retained earnings	448,678	468,754	504,017	538,901	540,562	553,715
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(49,130)	(71,981)	(63,524)	(65,491)
<b>Total Equity</b>	<b>433,977</b>	<b>454,860</b>	<b>454,887</b>	<b>466,920</b>	<b>477,038</b>	<b>488,224</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,470</b>	<b>3,785,851</b>	<b>3,927,741</b>	<b>4,063,790</b>	<b>4,205,742</b>

**Appendix 5c**  
**Equity Decline Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,754	504,017	538,901	540,562
Net Income (Loss) from annual operations	290,782	67,406	(4,038)	(11,797)	(51,360)	(40,643)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,754</b>	<b>504,017</b>	<b>538,901</b>	<b>540,562</b>	<b>553,715</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(49,130)	(71,981)	(63,524)
Other Comprehensive Income for the Year	53,984	807	(35,236)	(22,851)	8,457	(1,967)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(49,130)</b>	<b>(71,981)</b>	<b>(63,524)</b>	<b>(65,491)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,860</b>	<b>454,887</b>	<b>466,920</b>	<b>477,038</b>	<b>488,224</b>

## Appendix 5d

### Equity Decline Solvency Scenario

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,849	403,763	413,985	434,902	455,749
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,849</b>	<b>403,763</b>	<b>413,985</b>	<b>434,902</b>	<b>455,749</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
<b>Insurance Risk:</b>						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,979	231,386	241,020	250,576	260,330
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,862	337,375	350,891	364,398	378,238
<b>Market Risk:</b>						
Interest rate risk	30	41,449	45,839	46,264	44,623	47,047
Foreign exchange risk	32	33,970	36,860	37,695	38,812	44,454
Equity risk	34	131,209	137,626	141,401	146,150	158,346
Real estate risk	36	39,855	42,307	43,781	44,850	45,792
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	262,632	269,141	274,435	295,639
<b>Credit Risk:</b>						
Counterparty default risk for balance sheet assets	40	52,481	57,107	59,641	62,395	64,200
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,358	60,884	63,631	65,429
Operational risk margin	50	79,812	84,649	87,623	90,530	94,776
Less: Diversification credit	52	83,110	88,145	91,133	93,970	98,991
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>654,869</b>	<b>677,406</b>	<b>699,024</b>	<b>735,091</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	436,579	451,604	466,016	490,061
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>436,579</b>	<b>451,604</b>	<b>466,016</b>	<b>490,061</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(8)</b>	<b>(32,816)</b>	<b>(37,619)</b>	<b>(31,114)</b>	<b>(34,312)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>92.48%</b>	<b>91.67%</b>	<b>93.32%</b>	<b>93.00%</b>

## Appendix 5e

### Equity Decline Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	468,505	490,491	513,733	537,870
Comprehensive	83,920	100,783	97,097	102,078	107,242	112,608
Property Damage	29,909	39,154	42,601	42,833	43,089	43,341
Public Liability - BI	4,954	6,136	7,014	7,322	7,617	7,922
PIPP	203,179	234,959	256,837	264,866	272,021	280,807
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>872,054</b>	<b>907,589</b>	<b>943,702</b>	<b>982,547</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,424	11,240	10,303	9,897	10,020
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	316	3,365	10,714	6,872
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,750</b>	<b>916,844</b>	<b>956,194</b>	<b>1,001,393</b>	<b>1,040,944</b>

**Appendix 5f**  
**Equity Decline Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0243	1.0558	1.0680	1.0441	1.0020					
2023				1.0529	1.0621	1.0355	0.9910	0.9995				
2024					1.0659	1.0357	0.9880	0.9931	1.0024			
2025						1.0171	0.9721	0.9791	0.9901	1.0009		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	76.26%
2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	76.48%
2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	78.17%
2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	79.20%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.46%	8.22%	8.10%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.74%	2.70%		
Selected					2.53%	2.67%	2.83%	2.84%	2.78%	2.72%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	412,392	428,819	454,183	476,780		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,796	16,038	16,260		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,530	80,618	85,386	89,635		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	31,191	31,044	20,967	14,905		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	3,743	7,108	17,823	24,695		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	316	3,365	10,714	6,872		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 5g

#### Equity Decline Solvency Scenario

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	0	(0)	0
Government Bonds	33,615	32,867	32,296	32,336	32,704
Corporate Bonds	17,602	17,049	16,908	17,199	17,728
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,050</b>	<b>68,521</b>	<b>68,020</b>	<b>68,114</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(838)	113	121	131
Government Bonds Realized Gains/(Loss)	2,886	838	(113)	(121)	(131)
Corporate Bonds Unrealized Gains/(Loss)	1,202	186	47	49	51
Corporate Bonds Realized Gains/(Loss)	(1,202)	(186)	(47)	(49)	(51)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,417)	(1,445)	(1,494)	(1,487)
Pension Expense	7,127	4,702	697	(11,213)	(6,586)
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,501)	(2,667)	(2,840)	(3,055)
RSR	24,845	20,498	13,898	(5,336)	1,659
<b>Total</b>	<b>28,390</b>	<b>21,282</b>	<b>10,484</b>	<b>(20,883)</b>	<b>(9,470)</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>91,333</b>	<b>79,005</b>	<b>47,137</b>	<b>58,644</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,177,361	1,250,757	1,335,204	1,419,471
Corporate Bonds	517,592	531,479	556,291	584,823	613,339
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,332</b>	<b>2,189,945</b>	<b>2,279,013</b>	<b>2,382,064</b>	<b>2,484,265</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.8%	54.9%	56.1%	57.1%
Corporate Bonds	24.2%	24.3%	24.4%	24.6%	24.7%
MUSH	22.8%	22.0%	20.7%	19.4%	18.2%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Appendix 5h**  
**Equity Decline Solvency Scenario with Management Action**  
**Statement of Operations**

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,171,416	1,233,303	1,289,590
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,221,134</b>	<b>1,284,606</b>	<b>1,342,364</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,136,483	1,203,162	1,262,176
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,185,118</b>	<b>1,253,527</b>	<b>1,314,065</b>
Service Fees & Other Revenues	25,792	26,228	30,063	31,063	32,400	34,523
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,216,181</b>	<b>1,285,927</b>	<b>1,348,588</b>
Claims Incurred	620,145	839,935	904,589	941,029	980,619	1,024,053
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	316	3,409	10,792	6,828
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	11,939	12,627	11,456	9,169
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,751</b>	<b>916,844</b>	<b>957,065</b>	<b>1,002,867</b>	<b>1,040,050</b>
Claims Expense	141,720	149,509	147,719	151,167	152,772	156,222
Road Safety/Loss Prevention	7,708	13,249	13,070	12,934	12,598	12,802
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,509</b>	<b>1,077,633</b>	<b>1,121,166</b>	<b>1,168,237</b>	<b>1,209,074</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,141	79,099	80,901
Commissions	43,384	45,961	48,013	52,214	55,766	56,417
Premium Taxes	23,978	32,607	33,924	36,041	38,103	39,929
Regulatory/Appeal	4,399	4,791	4,624	4,605	4,644	4,693
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>171,001</b>	<b>177,612</b>	<b>181,940</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,143)</b>	<b>(95,371)</b>	<b>(75,986)</b>	<b>(59,922)</b>	<b>(42,426)</b>
<b>Investment Income</b>	88,878	100,008	90,765	79,075	48,194	60,399
(b) Investment Income - Interest Rate Impact	650	541	597	(9)	(9)	-
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>91,362</b>	<b>79,066</b>	<b>48,185</b>	<b>60,399</b>
<b>Gain (Loss) on Sale of Property</b>	<b>74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,406</b>	<b>(4,009)</b>	<b>3,080</b>	<b>(11,737)</b>	<b>17,973</b>
<b>Premium Rebate</b>	<b>(282,626)</b>	<b>(47,330)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,076</b>	<b>(4,009)</b>	<b>3,080</b>	<b>(11,737)</b>	<b>17,973</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,342)	(12,636)	(11,465)	(9,169)



## Appendix 5i

### Equity Decline Solvency Scenario with Management Action

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,896	3,040,519	3,180,714	3,364,496	3,563,234
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	456,364	477,653	497,124
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	31,191	31,000	20,845	14,828
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,937	42,138	32,478
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,472</b>	<b>3,777,697</b>	<b>3,942,134</b>	<b>4,120,284</b>	<b>4,315,722</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	629,335	662,265	692,555
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	408,748	420,204	431,662	443,120
Provision for unpaid claims	2,045,997	2,129,946	2,227,091	2,320,170	2,413,163	2,505,718
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,610</b>	<b>3,330,963</b>	<b>3,476,893</b>	<b>3,614,175</b>	<b>3,750,529</b>
<b>Equity</b>						
Retained earnings	448,678	468,754	495,921	537,141	569,648	630,726
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(49,189)	(71,902)	(63,540)	(65,537)
<b>Total Equity</b>	<b>433,977</b>	<b>454,860</b>	<b>446,732</b>	<b>465,239</b>	<b>506,108</b>	<b>565,189</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,470</b>	<b>3,777,695</b>	<b>3,942,132</b>	<b>4,120,283</b>	<b>4,315,718</b>

## Appendix 5j

### Equity Decline Solvency Scenario with Management Action

### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,754	495,921	537,141	569,648
Net Income (Loss) from annual operations	290,782	67,406	(4,009)	3,080	(11,737)	17,973
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	31,176	38,140	44,244	43,105
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,754</b>	<b>495,921</b>	<b>537,141</b>	<b>569,648</b>	<b>630,726</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(49,189)	(71,902)	(63,540)
Other Comprehensive Income for the Year	53,984	807	(35,295)	(22,713)	8,362	(1,997)
Change in Remeasurement of Employee Future Benefits	(34,389)	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(49,189)</b>	<b>(71,902)</b>	<b>(63,540)</b>	<b>(65,537)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,860</b>	<b>446,732</b>	<b>465,239</b>	<b>506,108</b>	<b>565,189</b>

## Appendix 5k

### Equity Decline Solvency Scenario with Management Action

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,849	395,608	412,304	463,971	532,714
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,849</b>	<b>395,608</b>	<b>412,304</b>	<b>463,971</b>	<b>532,714</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	112,721	118,533	123,822
Unpaid claims	22	220,979	231,386	241,105	250,800	260,467
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,862	337,375	353,826	369,333	384,289
Market Risk:						
Interest rate risk	30	41,449	46,140	44,310	37,529	39,599
Foreign exchange risk	32	33,970	36,597	37,156	37,990	47,854
Equity risk	34	131,209	136,651	139,401	143,100	163,236
Real estate risk	36	39,855	42,144	43,448	44,341	46,607
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,483	261,532	264,315	262,960	297,296
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	57,008	60,117	63,516	66,151
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	58,259	61,360	64,752	67,381
Operational risk margin	50	79,812	84,547	88,286	91,364	97,221
Less: Diversification credit	52	83,110	87,976	90,868	93,028	100,268
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,786</b>	<b>653,737</b>	<b>676,919</b>	<b>695,381</b>	<b>745,919</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,857	435,825	451,280	463,588	497,279
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,857</b>	<b>435,825</b>	<b>451,280</b>	<b>463,588</b>	<b>497,279</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>(8)</b>	<b>(40,217)</b>	<b>(38,976)</b>	<b>383</b>	<b>35,435</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.00%</b>	<b>90.77%</b>	<b>91.36%</b>	<b>100.08%</b>	<b>107.13%</b>

## Appendix 5I

### Equity Decline Solvency Scenario with Management Action

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	468,505	490,493	513,737	537,868
Comprehensive	83,920	100,783	97,097	102,079	107,243	112,607
Property Damage	29,909	39,154	42,601	42,833	43,090	43,340
Public Liability - BI	4,954	6,136	7,014	7,323	7,620	7,920
PIPP	203,179	234,959	256,836	265,567	273,204	280,087
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>872,054</b>	<b>908,296</b>	<b>944,894</b>	<b>981,822</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,424	11,239	10,424	10,101	9,896
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	316	3,409	10,792	6,828
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,750</b>	<b>916,844</b>	<b>957,065</b>	<b>1,002,867</b>	<b>1,040,050</b>

**Appendix 5m**  
**Equity Decline Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC											Selected	Selected						
A. Claims (Including External Adjustment Expense) Data											Undisc	Disc						
											Accident Year							
											2020	2021	2022	2023	2024	2025		
1.	Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%							
2.	Trend/Rate Adjustment for Fiscal Year																	
	2020	0.8669	0.9002	0.9426	0.9720	0.9837												
	2021		0.9816	1.0271	1.0583	1.0702	1.0459											
	2022			1.0243	1.0558	1.0680	1.0441	1.0020										
	2023				1.0529	1.0621	1.0355	0.9910	0.9995									
	2024					1.0659	1.0357	0.9880	0.9931	1.0024								
	2025						1.0171	0.9721	0.9791	0.9901	1.0009							
3.	Adjusted Loss Ratio for Fiscal Year [(1) x (2)]																	
	2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%					
	2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%					
	2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	76.26%					
	2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	76.49%					
	2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	78.19%					
	2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	79.21%					
B. Actual Data Other Than Losses																		
											Fiscal Year							
<i>(C\$ 000s, rounding may affect totals)</i>											2020	2021	2022	2023	2024	2025		
4.	Net Earned Premium	911,562	965,709	###	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114							
5.	Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.46%	8.22%	8.10%							
6.	Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.82%	2.74%	2.70%							
	Selected					2.53%	2.67%	2.83%	2.84%	2.78%	2.72%							
7.	ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%							
C. Equity in Unearned Premium																		
8.	Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635							
9.	Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628							
10.	Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	412,392	428,856	454,285	476,844							
11.	Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-							
12.	Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,195	15,796	16,038	16,261							
13.	Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	77,530	80,625	85,406	89,647							
14.	Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428							
15.	Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	31,191	31,000	20,845	14,828							
16.	Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600							
17.	Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	3,743	7,152	17,944	24,772							
	Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	316	3,409	10,792	6,828							
18.	Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-							
	Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-							

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

## Appendix 5n

### Equity Decline Solvency Scenario with Management Action

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	(0)	(0)	0	0
Government Bonds	33,615	32,867	32,458	33,063	33,285
Corporate Bonds	17,602	17,049	16,972	17,491	17,967
MUSH	20,940	20,134	19,317	18,486	17,682
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>70,050</b>	<b>68,747</b>	<b>69,040</b>	<b>68,934</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	(838)	114	124	(1,615)
Government Bonds Realized Gains/(Loss)	2,886	838	(114)	(124)	1,615
Corporate Bonds Unrealized Gains/(Loss)	1,202	186	47	49	329
Corporate Bonds Realized Gains/(Loss)	(1,202)	(186)	(47)	(49)	(329)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,417)	(1,450)	(1,517)	(1,492)
Pension Expense	7,127	4,702	697	(11,214)	(6,567)
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(2,501)	(2,680)	(2,902)	(3,089)
RSR	24,845	20,527	13,753	(5,222)	2,614
<b>Total</b>	<b>28,390</b>	<b>21,312</b>	<b>10,319</b>	<b>(20,855)</b>	<b>(8,534)</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>91,362</b>	<b>79,066</b>	<b>48,185</b>	<b>60,399</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,177,361	1,267,172	1,385,156	1,457,000
Corporate Bonds	517,592	531,478	561,765	601,487	625,865
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,332</b>	<b>2,189,944</b>	<b>2,300,903</b>	<b>2,448,681</b>	<b>2,534,320</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.8%	55.1%	56.6%	57.5%
Corporate Bonds	24.2%	24.3%	24.4%	24.6%	24.7%
MUSH	22.8%	22.0%	20.5%	18.9%	17.8%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 6a

### Interest Rate Decrease Solvency Scenario

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,140,113	1,181,565	1,224,630
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,189,831</b>	<b>1,232,868</b>	<b>1,277,404</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,120,426	1,161,377	1,203,656
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,169,061</b>	<b>1,211,742</b>	<b>1,255,545</b>
Service Fees & Other Revenues	25,792	26,228	30,063	30,410	31,275	33,050
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,199,471</b>	<b>1,243,017</b>	<b>1,288,595</b>
Claims Incurred	620,145	839,935	904,589	947,433	988,013	1,032,002
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	10,940	5,088	11,975	7,860
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	212,721	35,463	18,979	15,934
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,751</b>	<b>1,128,250</b>	<b>987,984</b>	<b>1,018,967</b>	<b>1,055,796</b>
Claims Expense	141,720	149,509	147,719	152,274	154,063	157,487
Road Safety/Loss Prevention	7,708	13,249	13,070	13,047	12,723	12,923
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,509</b>	<b>1,289,039</b>	<b>1,153,305</b>	<b>1,185,753</b>	<b>1,226,206</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,665	79,710	81,497
Commissions	43,384	45,961	48,013	51,667	54,152	54,166
Premium Taxes	23,978	32,607	33,924	35,560	36,850	38,174
Regulatory/Appeal	4,399	4,791	4,624	4,607	4,649	4,699
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>170,499</b>	<b>175,361</b>	<b>178,536</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,143)</b>	<b>(306,777)</b>	<b>(124,333)</b>	<b>(118,097)</b>	<b>(116,147)</b>
<b>Investment Income</b>	88,878	100,008	114,610	103,817	88,113	74,131
(b) Investment Income - Interest Rate Impact	650	541	200,978	867	66	(108)
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>315,588</b>	<b>104,684</b>	<b>88,179</b>	<b>74,023</b>
Gain (Loss) on Sale of Property	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,406</b>	<b>8,811</b>	<b>(19,649)</b>	<b>(29,918)</b>	<b>(42,124)</b>
Premium Rebate	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,076</b>	<b>8,811</b>	<b>(19,649)</b>	<b>(29,918)</b>	<b>(42,124)</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,743)	(34,596)	(18,913)	(16,042)

## Appendix 6b

### Interest Rate Decrease Solvency Scenario

### Balance Sheet

(C\$ 000s, rounding may affect totals)	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,896	3,333,252	3,497,121	3,679,363	3,850,847
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	447,224	462,544	478,155
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	20,567	18,696	7,358	308
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,891	42,056	32,370
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,472</b>	<b>4,059,806</b>	<b>4,237,051</b>	<b>4,406,473</b>	<b>4,569,738</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	614,090	637,066	660,918
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	483,647	495,104	506,562	518,020
Provision for unpaid claims	2,045,997	2,129,946	2,427,873	2,550,191	2,658,101	2,765,370
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,610</b>	<b>3,606,644</b>	<b>3,766,569</b>	<b>3,908,814</b>	<b>4,053,444</b>
<b>Equity</b>						
Retained earnings	448,678	468,754	516,866	543,898	567,001	578,673
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(63,706)	(73,416)	(69,342)	(62,378)
<b>Total Equity</b>	<b>433,977</b>	<b>454,860</b>	<b>453,160</b>	<b>470,482</b>	<b>497,659</b>	<b>516,295</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,470</b>	<b>4,059,804</b>	<b>4,237,051</b>	<b>4,406,473</b>	<b>4,569,739</b>



**Appendix 6c**  
**Interest Rate Decrease Solvency Scenario**  
**Statement of Changes in Equity**

(C\$ 000s, rounding may affect totals)

	<i>For the Years Ended March 31,</i>					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,754	516,866	543,898	567,001
Net Income (Loss) from annual operations	290,782	67,406	8,811	(19,649)	(29,918)	(42,124)
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	39,301	46,681	53,021	53,796
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,754</b>	<b>516,866</b>	<b>543,898</b>	<b>567,001</b>	<b>578,673</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(63,706)	(73,416)	(69,342)
Other Comprehensive Income for the Year	53,984	807	25,088	(9,710)	4,074	6,964
Change in Remeasurement of Employee Future Benefits	(34,389)	-	(74,900)	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(63,706)</b>	<b>(73,416)</b>	<b>(69,342)</b>	<b>(62,378)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,860</b>	<b>453,160</b>	<b>470,482</b>	<b>497,659</b>	<b>516,295</b>

## Appendix 6d

### Interest Rate Decrease Solvency Scenario

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,849	402,034	417,592	455,604	483,924
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,849</b>	<b>402,034</b>	<b>417,592</b>	<b>455,604</b>	<b>483,924</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
<b>Insurance Risk:</b>						
Premium liabilities	20	99,883	105,989	109,871	113,822	117,908
Unpaid claims	22	220,979	251,511	264,160	275,351	286,493
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,862	357,500	374,031	389,173	404,401
<b>Market Risk:</b>						
Interest rate risk	30	41,355	76,859	59,820	56,957	60,091
Foreign exchange risk	32	33,970	47,069	43,386	45,803	49,842
Equity risk	34	131,209	173,643	160,169	169,351	184,027
Real estate risk	36	39,855	47,265	44,859	45,677	47,243
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,389	344,836	308,234	317,788	341,203
<b>Credit Risk:</b>						
Counterparty default risk for balance sheet assets	40	52,481	61,585	63,901	66,774	69,746
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	62,835	65,144	68,010	70,976
Operational risk margin	50	79,804	93,728	93,275	96,694	101,344
Less: Diversification credit	52	83,097	102,039	100,134	103,824	109,390
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,697</b>	<b>756,860</b>	<b>740,550</b>	<b>767,841</b>	<b>808,534</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,798	504,573	493,700	511,894	539,023
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,798</b>	<b>504,573</b>	<b>493,700</b>	<b>511,894</b>	<b>539,023</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>51</b>	<b>(102,539)</b>	<b>(76,108)</b>	<b>(56,290)</b>	<b>(55,099)</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.01%</b>	<b>79.68%</b>	<b>84.58%</b>	<b>89.00%</b>	<b>89.78%</b>

## Appendix 6e

### Interest Rate Decrease Solvency Scenario

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	469,032	490,575	513,782	537,913
Comprehensive	83,920	100,783	97,258	102,101	107,256	112,621
Property Damage	29,909	39,154	42,714	42,845	43,094	43,343
Public Liability - BI	4,954	6,136	7,419	7,391	7,658	7,956
PIPP	203,179	234,959	427,089	290,363	285,850	292,561
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>1,043,512</b>	<b>933,276</b>	<b>957,641</b>	<b>994,394</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,424	40,563	14,683	12,271	12,038
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	10,940	5,088	11,975	7,860
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,750</b>	<b>1,128,250</b>	<b>987,983</b>	<b>1,018,968</b>	<b>1,055,796</b>

**Appendix 6f**  
**Interest Rate Decrease Solvency Scenario**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0243	1.0558	1.0680	1.0441	1.0020					
2023				1.0529	1.0621	1.0355	0.9910	0.9995				
2024					1.0659	1.0357	0.9880	0.9931	1.0024			
2025						1.0171	0.9721	0.9791	0.9901	1.0009		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	77.91%
2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	78.32%
2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	80.12%
2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	81.22%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	1,031,748	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.51%	8.28%	8.16%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.84%	2.76%	2.72%		
Selected					2.53%	2.67%	2.83%	2.85%	2.80%	2.74%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	421,311	439,140	465,512	488,933		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,224	15,881	16,187	16,419		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	79,207	82,558	87,516	91,919		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum((9) to (14))]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	20,567	18,696	7,358	308		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	14,368	19,456	31,431	39,292		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	10,940	5,088	11,975	7,860		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:  
[a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin  
[b] Min((16) - (15), (16)) if greater than 0, otherwise 0  
[c] Negative of (15) if greater than 0, otherwise 0

### Appendix 6g

#### Interest Rate Decrease Solvency Scenario

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	0	0	(0)	0
Government Bonds	33,615	29,357	29,034	28,621	27,320
Corporate Bonds	17,602	15,199	13,989	13,419	12,955
MUSH	20,940	19,975	18,743	17,516	16,336
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>64,532</b>	<b>61,767</b>	<b>59,556</b>	<b>56,612</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	123,188	181	205	774
Government Bonds Realized Gains/(Loss)	2,886	12,654	(181)	(205)	(774)
Corporate Bonds Unrealized Gains/(Loss)	1,202	57,554	119	129	135
Corporate Bonds Realized Gains/(Loss)	(1,202)	6,365	(119)	(129)	(135)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>199,761</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,359)	(1,504)	(1,588)	(1,563)
Pension Expense	7,127	20,345	8,805	9,504	10,442
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(3,578)	(4,645)	(5,221)	(16,652)
RSR	24,845	35,887	40,262	25,928	25,184
<b>Total</b>	<b>28,390</b>	<b>51,295</b>	<b>42,917</b>	<b>28,623</b>	<b>17,411</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>315,588</b>	<b>104,684</b>	<b>88,179</b>	<b>74,023</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,160,136	1,392,740	1,498,507	1,560,314
Corporate Bonds	517,592	544,221	621,929	657,435	682,022
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,332</b>	<b>2,185,461</b>	<b>2,486,634</b>	<b>2,617,980</b>	<b>2,693,791</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.1%	56.0%	57.2%	57.9%
Corporate Bonds	24.2%	24.9%	25.0%	25.1%	25.3%
MUSH	22.8%	22.0%	19.0%	17.6%	16.8%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Appendix 6h

### Interest Rate Decrease Solvency Scenario with Management Action

### Statement of Operations

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
Motor Vehicles	1,091,979	1,035,261	1,099,690	1,198,101	1,241,656	1,286,907
Drivers	66,714	61,179	63,772	65,978	67,889	69,691
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Written</b>	<b>1,144,932</b>	<b>1,080,811</b>	<b>1,147,520</b>	<b>1,247,819</b>	<b>1,292,959</b>	<b>1,339,681</b>
<b>Net Premiums Earned</b>						
Motor Vehicles	1,066,886	1,070,733	1,068,311	1,150,172	1,220,443	1,264,868
Drivers	67,343	63,506	62,499	64,895	66,951	68,806
Reinsurance Ceded	(13,761)	(15,629)	(15,942)	(16,260)	(16,586)	(16,917)
<b>Total Net Premiums Earned</b>	<b>1,120,468</b>	<b>1,118,610</b>	<b>1,114,868</b>	<b>1,198,807</b>	<b>1,270,808</b>	<b>1,316,757</b>
Service Fees & Other Revenues	25,792	26,228	30,063	31,627	32,589	34,468
<b>Total Earned Revenues</b>	<b>1,146,260</b>	<b>1,144,838</b>	<b>1,144,931</b>	<b>1,230,434</b>	<b>1,303,397</b>	<b>1,351,225</b>
Claims Incurred	620,145	839,935	904,589	947,433	988,069	1,032,072
DPAC \ Premium Deficiency Adjustment	(10,511)	3,428	10,940	5,179	12,002	7,890
(a) Claims Incurred - Interest Rate Impact	44,194	12,388	212,721	37,181	19,359	16,351
<b>Total Claims Incurred</b>	<b>653,828</b>	<b>855,751</b>	<b>1,128,250</b>	<b>989,793</b>	<b>1,019,430</b>	<b>1,056,313</b>
Claims Expense	141,720	149,509	147,719	152,274	154,077	157,501
Road Safety/Loss Prevention	7,708	13,249	13,070	13,047	12,725	12,924
<b>Total Claims Costs</b>	<b>803,256</b>	<b>1,018,509</b>	<b>1,289,039</b>	<b>1,155,114</b>	<b>1,186,232</b>	<b>1,226,738</b>
<b>Expenses</b>						
Operating	70,063	76,113	76,108	78,665	79,717	81,505
Commissions	43,384	45,961	48,013	52,681	56,537	56,564
Premium Taxes	23,978	32,607	33,924	36,452	38,622	40,010
Regulatory/Appeal	4,399	4,791	4,624	4,607	4,649	4,699
<b>Total Expenses</b>	<b>141,824</b>	<b>159,472</b>	<b>162,669</b>	<b>172,405</b>	<b>179,525</b>	<b>182,778</b>
<b>Underwriting Income (Loss)</b>	<b>201,180</b>	<b>(33,143)</b>	<b>(306,777)</b>	<b>(97,085)</b>	<b>(62,360)</b>	<b>(58,291)</b>
<b>Investment Income</b>	88,878	100,008	114,746	103,442	87,342	76,640
(b) Investment Income - Interest Rate Impact	650	541	200,987	827	(59)	(120)
<b>Net Investment Income</b>	<b>89,528</b>	<b>100,549</b>	<b>315,733</b>	<b>104,269</b>	<b>87,283</b>	<b>76,520</b>
<b>Gain (Loss) on Sale of Property</b>	74	-	-	-	-	-
<b>Net Income (Loss) from Annual Operations</b>	<b>290,782</b>	<b>67,406</b>	<b>8,956</b>	<b>7,184</b>	<b>24,923</b>	<b>18,229</b>
<b>Premium Rebate</b>	(282,626)	(47,330)	-	-	-	-
<b>Net Income (Loss) after Premium Rebate</b>	<b>8,156</b>	<b>20,076</b>	<b>8,956</b>	<b>7,184</b>	<b>24,923</b>	<b>18,229</b>
Total net Impact due to interest rate change (b) - (a)	(43,544)	(11,847)	(11,734)	(36,354)	(19,418)	(16,471)

## Appendix 6i

### Interest Rate Decrease Solvency Scenario with Management Action

### Balance Sheet

(C\$ 000s, rounding may affect totals)

For the Years Ended March 31,

	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Assets</b>						
Cash and investments	138,600	100,000	100,000	100,000	100,000	100,000
Investments	2,947,377	2,939,896	3,329,634	3,534,641	3,776,162	4,010,283
Investment property	6,065	5,890	5,480	5,483	5,200	4,574
Due from other insurance companies	109	-	-	-	-	-
Accounts receivable	405,876	409,261	431,957	464,157	480,092	496,340
Prepaid expenses	-	-	-	-	-	-
Deferred policy acquisition costs	37,259	30,606	20,567	18,605	7,240	160
Reinsurers' share of unearned premiums	-	-	-	-	-	-
Reinsurers' share of unearned claims	2,172	-	-	-	-	-
Property and equipment	110,262	114,807	117,424	115,636	109,952	103,484
Deferred development costs	32,042	43,012	51,126	52,891	42,055	32,370
<b>Total Assets</b>	<b>3,679,762</b>	<b>3,643,472</b>	<b>4,056,188</b>	<b>4,291,413</b>	<b>4,520,701</b>	<b>4,747,211</b>
<b>Liabilities</b>						
Due to other insurance companies	395	559	559	559	559	559
Accounts payable and accrued liabilities	196,153	78,435	77,385	80,493	79,840	81,337
Financing lease obligation	5,427	5,326	5,204	5,081	4,958	4,835
Unearned premiums and fees	592,939	557,353	591,602	642,332	666,333	691,249
Provision for employee current benefits	19,028	19,697	20,374	21,051	21,728	22,405
Provision for employee future benefits	385,846	397,294	483,647	495,104	506,562	518,020
Provision for unpaid claims	2,045,997	2,129,946	2,427,873	2,551,909	2,660,254	2,768,010
<b>Total Liabilities</b>	<b>3,245,785</b>	<b>3,188,610</b>	<b>3,606,644</b>	<b>3,796,529</b>	<b>3,940,234</b>	<b>4,086,415</b>
<b>Equity</b>						
Retained earnings	448,678	468,754	513,403	567,726	646,557	719,215
Accumulated Other Comprehensive Income	(14,701)	(13,894)	(63,861)	(72,843)	(66,090)	(58,420)
<b>Total Equity</b>	<b>433,977</b>	<b>454,860</b>	<b>449,542</b>	<b>494,883</b>	<b>580,467</b>	<b>660,795</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,679,762</b>	<b>3,643,470</b>	<b>4,056,186</b>	<b>4,291,412</b>	<b>4,520,701</b>	<b>4,747,210</b>

## Appendix 6j

### Interest Rate Decrease Solvency Scenario with Management Action

### Statement of Changes in Equity

(C\$ 000s, rounding may affect totals)

	For the Years Ended March 31,					
	2021A	2022BF	2023F	2024F	2025F	2026F
<b>BASIC</b>						
<b>Total Equity</b>						
<b>Retained Earnings</b>						
Beginning Balance	440,522	448,678	468,754	513,403	567,726	646,557
Net Income (Loss) from annual operations	290,782	67,406	8,956	7,184	24,923	18,229
Premium Rebate	(282,626)	(47,330)	-	-	-	-
Transfer (to) / from Non-Basic Retained Earnings	-	-	35,693	47,139	53,908	54,429
<b>Total Retained Earnings</b>	<b>448,678</b>	<b>468,754</b>	<b>513,403</b>	<b>567,726</b>	<b>646,557</b>	<b>719,215</b>
	-	-	-	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>						
Beginning Balance	(34,296)	(14,701)	(13,894)	(63,861)	(72,843)	(66,090)
Other Comprehensive Income for the Year	53,984	807	24,933	(8,982)	6,753	7,670
Change in Remeasurement of Employee Future Benefits	(34,389)	-	(74,900)	-	-	-
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,701)</b>	<b>(13,894)</b>	<b>(63,861)</b>	<b>(72,843)</b>	<b>(66,090)</b>	<b>(58,420)</b>
<b>Total Equity Balance</b>	<b>433,977</b>	<b>454,860</b>	<b>449,542</b>	<b>494,883</b>	<b>580,467</b>	<b>660,795</b>



## Appendix 6k

### Interest Rate Decrease Solvency Scenario with Management Action

### Minimum Capital Test

<i>(C\$ 000s, rounding may affect totals)</i>		2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026
<b>BASIC</b>						
<b>Capital Available:</b>						
Capital available (from page 30.62 - capital available)	01	411,849	398,417	441,993	538,412	628,426
Phase-in of capital available	03	0	0	0	0	0
<b>Total Capital Available</b>	<b>09</b>	<b>411,849</b>	<b>398,417</b>	<b>441,993</b>	<b>538,412</b>	<b>628,426</b>
<b>Assets Available:</b>						
Net Assets Available (from page 30.92 - net assets available)	11	0	0	0	0	0
Phase-in of net assets available	13	0	0	0	0	0
<b>Total Net Assets Available</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital (Margin) Required at Target:</b>						
Insurance Risk:						
Premium liabilities	20	99,883	105,989	115,150	119,292	123,578
Unpaid claims	22	220,979	251,511	264,333	275,567	286,758
Catastrophes	24	0	0	0	0	0
Margin required for reinsurance ceded to unregistered insurers	26	0	0	0	0	0
Subtotal: Insurance risk margin	29	320,862	357,500	379,483	394,859	410,336
Market Risk:						
Interest rate risk	30	41,355	76,992	55,821	49,171	48,143
Foreign exchange risk	32	33,970	46,953	43,614	47,412	55,198
Equity risk	34	131,209	173,211	161,016	175,320	195,200
Real estate risk	36	39,855	47,193	45,000	46,672	49,105
Other market risk exposures	38	0	0	0	0	0
Subtotal: Market risk margin	39	246,389	344,349	305,451	318,575	347,646
Credit Risk:						
Counterparty default risk for balance sheet assets	40	52,481	61,541	65,140	68,729	72,457
Counterparty default risk for off-balance sheet exposures	42	1,257	1,250	1,243	1,236	1,230
Counterparty default risk for unregistered reinsurance collateral and SIRs	44	0	0	0	0	0
Subtotal: Credit risk margin	49	53,739	62,791	66,384	69,965	73,686
Operational risk margin	50	79,804	93,682	95,057	98,913	104,184
Less: Diversification credit	52	83,097	101,977	100,646	104,948	111,401
<b>Total Capital (Margin) Required at Target</b>	<b>59</b>	<b>617,697</b>	<b>756,345</b>	<b>745,729</b>	<b>777,364</b>	<b>824,451</b>
Minimum Capital (Margin) Required (line 59 / 1.5)	60	411,798	504,230	497,153	518,243	549,634
Phase-in of Capital (Margin) Required	62	0	0	0	0	0
<b>Total Minimum Capital (Margin) Required</b>	<b>69</b>	<b>411,798</b>	<b>504,230</b>	<b>497,153</b>	<b>518,243</b>	<b>549,634</b>
<b>Excess Capital (Net Assets Available) over Minimum Capital (Margin) Required</b>	<b>79</b>	<b>51</b>	<b>(105,813)</b>	<b>(55,160)</b>	<b>20,169</b>	<b>78,792</b>
<b>MCT (BAAT) Ratio (Line 09 or line 19 as a % of line 69)</b>	<b>90</b>	<b>100.01%</b>	<b>79.01%</b>	<b>88.90%</b>	<b>103.89%</b>	<b>114.34%</b>

## Appendix 6I

### Interest Rate Decrease Solvency Scenario with Management Action

### Net Claims Incurred Summary

<i>(C\$ 000s, rounding may affect totals)</i>	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>						
<b>Claims Incurred before Financial Provisions</b>						
Collision	313,557	429,164	469,032	490,580	513,784	537,914
Comprehensive	83,920	100,783	97,258	102,103	107,256	112,621
Property Damage	29,909	39,154	42,714	42,846	43,094	43,344
Public Liability - BI	4,954	6,136	7,419	7,395	7,659	7,957
PIPP	203,179	234,959	427,089	291,820	286,220	292,974
<b>Total</b>	<b>635,518</b>	<b>810,196</b>	<b>1,043,512</b>	<b>934,743</b>	<b>958,013</b>	<b>994,810</b>
Unallocated Loss Adjustment Expenses	31,693	32,703	33,235	34,937	37,080	41,504
Change in Internal Loss Adjustment Expense Provision	153	9,424	40,563	14,934	12,334	12,109
Change in Reinsurance Ceded Provision	(302)	0	0	0	0	0
Other Financial Adjustments	(2,724)	0	0	0	0	0
Change in DPAC / Premium Deficiency Provision	(10,511)	3,428	10,940	5,179	12,002	7,890
<b>Total Net Claims Incurred</b>	<b>653,828</b>	<b>855,750</b>	<b>1,128,250</b>	<b>989,793</b>	<b>1,019,430</b>	<b>1,056,313</b>

**Appendix 6m**  
**Interest Rate Decrease Solvency Scenario with Management Action**  
**Deferred Policy Acquisition Expenses and Premium Deficiency**

BASIC												
A. Claims (Including External Adjustment Expense) Data												
	Accident Year										Selected Undisc	Selected Disc
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
1. Ultimate Loss Ratio - Total All Coverage	83.29%	75.30%	71.01%	66.48%	52.46%	67.63%	74.51%	75.24%	75.67%	76.12%		
2. Trend/Rate Adjustment for Fiscal Year												
2020	0.8669	0.9002	0.9426	0.9720	0.9837							
2021		0.9816	1.0271	1.0583	1.0702	1.0459						
2022			1.0243	1.0558	1.0680	1.0441	1.0020					
2023				1.0529	1.0621	1.0355	0.9910	0.9995				
2024					1.0659	1.0357	0.9880	0.9931	1.0024			
2025						1.0171	0.9721	0.9791	0.9901	1.0009		
3. Adjusted Loss Ratio for Fiscal Year [(1) x (2)]												
2020	72.20%	67.79%	66.93%	64.62%	51.61%						66.45%	71.00%
2021		73.92%	72.93%	70.36%	56.14%	70.73%					71.34%	76.34%
2022			72.74%	70.19%	56.03%	70.61%	74.66%				71.18%	77.91%
2023				70.00%	55.72%	70.03%	73.85%	75.21%			71.29%	78.33%
2024					55.92%	70.04%	73.62%	74.73%	75.85%		72.79%	80.14%
2025						68.78%	72.44%	73.67%	74.93%	76.19%	73.68%	81.24%
B. Actual Data Other Than Losses												
(C\$ 000s, rounding may affect totals)												
	Fiscal Year											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
4. Net Earned Premium	911,562	965,709	#####	1,085,549	1,120,929	1,118,610	1,095,872	1,131,352	1,172,695	1,215,114		
5. Operating Expenses as % of Earned Premium	9.94%	9.14%	8.96%	8.43%	7.60%	8.42%	8.56%	8.51%	8.28%	8.16%		
6. Maintenance Expense Rate [(5) x 1/3]	3.31%	3.05%	2.99%	2.81%	2.53%	2.81%	2.85%	2.84%	2.76%	2.72%		
Selected					2.53%	2.67%	2.83%	2.85%	2.80%	2.74%		
7. ILAE Ratio to Losses - Selected	18.40%	18.40%	18.00%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%	18.80%		
C. Equity in Unearned Premium												
8. Net Unearned Premium	437,172	468,613	499,704	538,911	571,607	534,251	548,867	568,996	589,461	610,635		
9. Additional Expected Cost of Non-Proportional Reinsurance	5,646	5,598	7,075	6,807	7,815	7,971	8,130	8,293	8,459	8,628		
10. Expected Claims (Including Ext Adj Expenses) [(8) - (9)] x (3)]	354,751	383,468	396,537	410,591	371,002	401,763	421,311	439,217	465,611	489,056		
11. Reinsurance PFAD	4	10	43	-	24	-	-	-	-	-		
12. Maintenance Expense [a]	14,279	13,837	14,679	14,923	14,183	13,951	15,224	15,881	16,188	16,420		
13. Internal Loss Adjustment Expense [Sheet 1, Row 11]	65,289	70,595	71,531	77,191	69,840	75,531	79,207	82,573	87,535	91,943		
14. Expected Claims (Including Ext Adj Expenses) - PIPP Enhancement	4,048	3,950	3,777	3,818	4,428	4,428	4,428	4,428	4,428	4,428		
15. Equity in Unearned Premium [(8) - Sum(9) to (14)]	(6,844)	(8,845)	6,063	25,582	104,316	30,606	20,567	18,605	7,240	160		
16. Carried Deferred Policy Acquisition Expenses	29,692	32,055	33,980	36,093	37,245	34,034	34,935	38,152	38,790	39,600		
17. Write Down Deferred Policy Acquisition Expenses [b]	29,692	32,055	27,917	10,511	-	3,428	14,368	19,547	31,550	39,440		
Change	(15,104)	-	(4,138)	(17,406)	(10,511)	3,428	10,940	5,179	12,002	7,890		
18. Premium Deficiency [c]	6,844	8,845	-	-	-	-	-	-	-	-		
Change	-	(8,774)	(11,950)	6,844	-	-	-	-	-	-		

Notes:

- [a] ((8) - (9)) x (6) x Discount to Valuation Date Without Margin
- [b] Min((16) - (15), (16)) if greater than 0, otherwise 0
- [c] Negative of (15) if greater than 0, otherwise 0

## Appendix 6n

### Interest Rate Decrease Solvency Scenario with Management Action

#### Summary of Investment Income

<i>(C\$ 000s, rounding may affect totals)</i>	2021/22	2022/23	2023/24	2024/25	2025/26
<b>BASIC</b>					
<b>Income Received During Period</b>					
Cash/Short Term Investments	2	0	0	(0)	(0)
Government Bonds	33,615	29,357	29,156	28,937	27,844
Corporate Bonds	17,602	15,199	14,032	13,531	13,145
MUSH	20,940	19,975	18,743	17,516	16,336
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV	-	-	-	-	-
Pooled Real Estate Fund	-	-	-	-	-
Net Rental Income	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>72,159</b>	<b>64,532</b>	<b>61,931</b>	<b>59,984</b>	<b>57,325</b>
<b>Gains During Period - Profit &amp; Loss</b>					
Government Bonds Unrealized Gains/(Loss)	(2,886)	123,188	181	207	51
Government Bonds Realized Gains/(Loss)	2,886	12,654	(181)	(207)	(51)
Corporate Bonds Unrealized Gains/(Loss)	1,202	57,554	119	130	257
Corporate Bonds Realized Gains/(Loss)	(1,202)	6,365	(119)	(130)	(257)
MUSH	-	-	-	-	-
Private Debt	-	-	-	-	-
Canadian Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global Equities Realized Gains	(0)	(0)	(0)	(0)	(0)
Global LV	(0)	(0)	(0)	(0)	(0)
Pooled Real Estate Fund	-	-	-	-	-
Infrastructure	-	-	-	-	-
<b>Total</b>	<b>(0)</b>	<b>199,761</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>Other</b>					
Investment Fees Paid	(1,388)	(1,359)	(1,508)	(1,593)	(1,568)
Pension Expense	7,127	20,345	8,807	9,515	10,455
Amortization on Marketable Bonds (Prem) / Discount	(2,195)	(3,578)	(4,664)	(5,276)	(16,955)
RSR	24,845	36,032	39,703	24,653	27,263
<b>Total</b>	<b>28,390</b>	<b>51,440</b>	<b>42,338</b>	<b>27,299</b>	<b>19,195</b>
<b>Total Investment Income</b>	<b>100,549</b>	<b>315,733</b>	<b>104,269</b>	<b>87,283</b>	<b>76,520</b>
<b>Equity Unrealized Gains/(Losses)</b>					
Canadian Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global Equities Unrealized Gains/(Losses)	-	-	-	-	-
Global LV Unrealized Gains/(Losses)	-	-	-	-	-
<b>Total Unrealized Gains/(Losses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Asset Values</b>					
Cash/Short Term Investments	-	-	-	-	-
Government Bonds	1,136,654	1,160,136	1,415,471	1,533,508	1,609,610
Corporate Bonds	517,592	544,221	629,508	669,110	698,540
MUSH	488,086	481,105	471,965	462,037	451,455
Private Debt	-	-	-	-	-
Canadian Equities	-	-	-	-	-
Global Equities	-	-	-	-	-
Global LV Equities	-	-	-	-	-
Real Estate Investments	-	-	-	-	-
Infrastructure & Venture Capital	-	-	-	-	-
<b>Total Ending Asset Values</b>	<b>2,142,332</b>	<b>2,185,461</b>	<b>2,516,944</b>	<b>2,664,655</b>	<b>2,759,604</b>
<b>Ending Rebalanced Allocations</b>					
Cash/Short Term Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Government Bonds	53.1%	53.1%	56.2%	57.5%	58.3%
Corporate Bonds	24.2%	24.9%	25.0%	25.1%	25.3%
MUSH	22.8%	22.0%	18.8%	17.3%	16.4%
Private Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Canadian Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Global LV Equities	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Investments	0.0%	0.0%	0.0%	0.0%	0.0%
Infrastructure & Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>